FISCAL YEAR 1983 BUDGET REVIEW

HEARINGS

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

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FISCAL 1983 BUDGET REVIEW

Nuclear Regulatory Commission

MONDAY, FEBRUARY 22, 1982

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, D.C.

The committee met at 10:08 a.m., in Room 4200 Dirksen Senate Office Building, Hon. Alan K. Simpson presiding.

Present: Senators Stafford, Domenici, Symms, Gorton, and Simpson.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, U.S. SENATOR FROM THE STATE OF WYOMING

Senator SIMPSON. Good morning.

Mr. Chairman, good morning to you, sir.

We meet today to hear from the members of the Nuclear Regulatory Commission on the agency's budget request for fiscal year 1983, and hope to gather information in order to fulfill our responsibilities under the Budget Act. We have a reporting date this year of March 8 on the fiscal operations of each agency, and the Commission has submitted a budget request for fiscal year 1983 of $479 million, an increase of about $14 million above 1982 levels, certainly a markedly slower rate of growth in funding than the NRC has experienced in the past several years. The agency's fiscal year 1983 request includes a reduction in staffing levels of 22 positions below 1982 levels. We want to assure that the Commission has the resources which are needed to carry out its important responsibilities for protection of public health and safety and that, after all, is the most critical and central mission of the NRC.

At the same time, given the severe limitations placed upon the Federal budget as we go through that anguish again during the coming year, I think it is essential that the NRC's operations be carried out as efficiently as possible. Therefore, we will be particularly interested in hearing from the Commission on its efforts to achieve economies in its operation and to insure that its resources are managed as efficiently as possible, in other words, find out how it goes.

So our hearing today also provides us an opportunity to discuss with the Commission a number of areas of interest to the committee.

These include, among other things, the recent steam generator problem at Ginna Nuclear Plant, recent quality assurance and quality control problems in the construction of several nuclear powerplants and the Commission's performance and projections regarding the licensing of nuclear powerplants in its efforts to improve the reactor licensing process.

Indeed, there has been a great deal of improvement there. Also, the status of NRC's inspection and enforcement program, including the residents inspector program and the status of the Commission's efforts to develop a safety goal for nuclear regulation.

Let me recognize Senator Stafford who has been most extraordinarily cooperative and helpful to me as I chaired the subcommittee, which is part of the Environment Public Works Committee. I could not have asked for more fine cooperation nor received it.

OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM THE STATE OF VERMONT

Senator **STAFFORD**. Thank you very much, Mr. Chairman, for your very gracious remarks.

This is the first day of a series of hearings that the Committee on Environment and Public Works is conducting with respect to fiscal year 1983 budget requests of agencies that carry out programs within our committee jurisdiction. We begin this morning with the Nuclear Regulatory Commission and continue tomorrow with the Environmental Protection Agency, and so on, for the remainder of this week and the beginning of next week.

On Wednesday and Thursday of next week, the full committee will meet to determine our recommendations on the budget for submission to the Senate Budget Committee as required by the Congressional Budget Act. We are under a more restricted deadline than usual this year because the budget chairman has requested that our reports be completed and transmitted by March 8, rather than by March 15 and because we received the President's fiscal year 1983 budget relatively late this year on February 8.

I want to thank the subcommittee chairmen for their diligence in conducting these hearings on such notice.

This committee is not unique but we are unusual, I suggest, in that we give agencies an opportunity in a public hearing to explain the details of the President's budget and its impact on the programs they must carry out. Because the President's budget continues on its generally downward trend, agencies will be expected to operate under very difficult restraints.

We will want to examine to what extent their activities are constrained and whether they continue to carry out the laws and their missions as Congress intended.

We are privileged to have with us, as Chairman Simpson has noted, this morning, Mr. Nunzio Palladino, Chairman of the Nuclear Regulatory Commission and the other members of the Commission.

I join our chairman in welcoming you, Mr. Palladino, and your colleagues, and yield the floor.

Thank you, Mr. Chairman.

Senator **SIMPSON**. Thank you very much, Mr. Chairman.

Commissioner Palladino, please proceed.

STATEMENT OF NUNZIO J. PALLADINO, CHAIRMAN, NUCLEAR REGULATORY COMMISSION; COMMISSIONERS JOHN FRANCIS AHEARNE AND PETER A. BRADFORD, ACCOMPANIED BY WILLIAM J. DIRCKS, EXECUTIVE DIRECTOR FOR OPERATIONS; HAROLD R. DENTON, DIRECTOR, OFFICE OF NUCLEAR REACTOR REGULATION; RICHARD C. DE YOUNG, DIRECTOR, OFFICE OF INSPECTION AND ENFORCEMENT; JOHN G. DAVIS, DIRECTOR, OFFICE OF NUCLEAR MATERIAL SAFETY AND SAFEGUARDS; ROBERT B. MINOGUE, DIRECTOR, OFFICE OF NUCLEAR REGULATORY RESEARCH; AND LEONARD BICKWIT, GENERAL COUNSEL

Mr. PALLADINO. Good morning, Mr. Chairman.

I appreciate this opportunity to discuss with you this morning the fiscal year 1983 budget of the Nuclear Regulatory Commission, the NRC.

Joining me this morning are Commissioner Ahearne and Commissioner Bradford, and I am pleased to have them with me.

As the table at the end of my testimony indicates, our requests total $479.5 million and 3,303 full-time employees, which amounts to $4.7 million more than our fiscal year 1982 funding and 22 fewer staff. Although the total proposed funding is slightly increased, when the impact of inflation is accounted for, this request represents a net decline in overall agency funding.

We have tried to achieve efficiencies in our operation wherever possible to offset this decline.

Mr. Chairman, recognizing that there are always activities that could be accomplished faster and better with increased support, our budget request represents a level of funding that will enable us to meet our highest priority commitments in a timely and effective manner.

On balance, we have a reasonable allocation of resources to each of the major NRC programs.

I will summarize the most significant activities within each major program in order to provide a rationale for our budget and to give you an overview of our program expansions and reductions.

Table 1 at the end of the testimony shows the staffing and funds needed for each of our major programs. First, I would like to touch on nuclear reactor regulation. The table shows that the largest increase in our budget request is for the Office of Nuclear Reactor Regulation, NRR. We propose to increase the resources in NRR devoted to resolution of safety issues and processing amendments to operating reactor licensees.

We also propose to increase resources devoted to reactor operator examinations and to developing better operator qualification standards. Timely attention to these areas will help assure the safe operation of nuclear powerplants.

NRR is also responsible for the Systematic Evaluation Program, SEP, and the National Reliability Evaluation Program, NREP, which have been developed to reassess the design and operation of operating reactors.

Following the successful completion of SEP Phase II, the systematic review of the 10 oldest nuclear plants, SEP Phase III would begin in fiscal 1983 a systematic review of the remaining plants.

We propose to initiate the complementary NREP risk assessment studies in fiscal 1983 as well.

A major function of NRR involves a technical review of reactor license applications. Our budget is based on the planning assumption that by 1983, we will be able to reduce the NRR resources devoted to processing applications and still complete reviews without impacting the scheduled fuel loading and operation of new plants.

While I am hopeful this assumption will prove correct, there is also the possibility that slippages of plants scheduled for completion in 1982 could cause an increase in our assumed 1983 workload.

In fiscal year 1983, NRR would continue the licensing review of the Clinch River Breeder Reactor initiated several months ago. The resources requested would allow us to keep pace with the Department of Energy's construction schedule.

Next, inspection and enforcement.

As the attached table indicates, we have provided the Office of Inspection and Enforcement, which we call IE, with increased resources. This increase would provide inspection coverage of the new operating reactors coming on line and contractual assistance to perform initial one-time inspections to evaluate compliance with the new Fire Protection Facility Safeguards Rules.

Our budget for IE also contains funds to initiate construction of an inspector training center at the Tennessee Valley Authority site near Chattanooga, Tenn.

This facility will enhance our ability to maintain a well-trained inspection force.

The budget submission shows the decline in resources allocated to the Office of Nuclear Material Safety and Safeguards, NMSS. The decline introduces reductions in funding for the safeguards and waste management programs. Some of the reduction in NMSS' Waste Management program is matched by an increase in funding for waste management research conducted by the Office of Nuclear Regulatory Research. Overall, the agency's resources devoted to waste management in fiscal 1983 would remain at about the current level.

Our fiscal year 1983 program would continue the development of a computerized licensing management system so that NMSS can eliminate much of the inefficient manual processing and some 6,000 material licenses annually.

With regard to nuclear regulatory research, while the magnitude of the funding reduction between fiscal 1982 and fiscal 1983 in our research program is relatively small, we propose significant change in the goals of the research activities. Major activities that would increase are those associated with prevention and mitigation of certain accidents, application of risk analysis and human factors. Our focus in fiscal year 1983 would be on the prevention and mitigation of accidents which could lead to severe core damages such as occurred at Three Mile Island.

We believe risk assessment techniques can significantly improve our analysis of reactor safety questions. We propose to dedicate increased resources in fiscal 1983 to the development of a users guide for the application of risk assessment methodologies in the licensing process.

One of the lessons learned from TMI is the importance of human factors to the safe operation of nuclear reactors.

The fiscal year 1983 human factors research program would increase over the fiscal year 1982 budget. The expanded effort would be directed toward gaining a better understanding of the man-machine interface and developing ways to lessen the potential for the human factor to degrade safety.

We have looked carefully at our research program to be sure we are devoting sufficient effort to support of the Clinch River Breeder Reactor, CRBR, license application. We are coordinating with DOE to avoid duplicative activities.

Our research program would allow the completion of a scheduled loss of fluid test, LOFT test, in fiscal year 1983. In fiscal 1982 and fiscal 1983, the LOFT testing would include the testing program required by the Congress.

With regard to technical support, this support includes those offices that support our licensing hearings, interface with States and foreign governments and perform analyses of operating reactor data. The increased funding would provide for an automated system for tracking, identifying, and correlating operating reactor experience data.

With regard to program direction and administration, the offices here collectively provide overall policy direction, resources management, administration, and logistic support for the agency. There would be a net reduction of 41 staff in the PDA offices.

In addition, we propose to make greater efforts to coordinate our programs with those of other Government agencies and the industry.

For example, our funding for high level waste management reflects increased reliance on DOE's high level waste management effort. We are working closely with the Federal Emergency Management Agency to develop and implement effective emergency planning requirements for license facilities. We are evaluating and will use work done by the Institute of Nuclear Power Operations, INPO, for the development of standards in the human factors area.

At this point, I should note that despite repeated efforts on our part to obtain a solution, the agency is still widely dispersed around the metropolitan Washington area. There is now a strong probability that we will not be allowed to consolidate in the near future. Consolidation of NRC headquarters would greatly improve the efficiency of the organization in the day-to-day operations as well as our effectiveness in responding to emergencies such as the recent GINNA accident.

As a final point, I see the next few years as a period of budget stabilization for the Nuclear Regulatory Commission. While our license application caseload activities may start to decline, our caseload of operating reactors to be monitored will increase. Major future goals of the Commission are contained in the 1982 policy and planning guidance document. This guidance for establishing priorities and for improving the regulatory process was recently provided to the NRC staff. Copies of the PPG have been provided to the committee as well.

While not intended to be all-encompassing, the PPG establishes a general framework for planning in seven areas: Safe operation of license plants; near term licensing problems and responses; coordinating regulatory requirements; improving the licensing process; supporting new initiatives in nuclear waste in the cleanup of Three Mile Island; improving related regulatory tools; and safeguards.

Mr. Chairman, I understand you have already received a copy of our detailed budget. In accordance with your request, I am also providing for the record a summary of our budget submission to the Office of Management and Budget.

This completes my statement, Mr. Chairman, and I and my colleagues would be pleased to answer any questions you may have.

[The detailed budget referred to follows:]

U. S. NUCLEAR REGULATORY COMMISSION
FY 1983 BUDGET HISTORY
(Dollars in Thousands)

	Actual FY 1981	Estimate FY 1982	FY 1983 Office Request	FY 1983 Estimate to OMB 9/1/81	FY 1983 Revised Estimate to OMB 10/22/81	FY 1983 OMB Changes	FY 1983 Estimates to Congress
Nuclear Reactor Regulation	$ 80,627	$ 87,015	$103,214	$ 95,425	$ 94,931	$ -1,811	$ 93,120
Inspection and Enforcement	52,668	66,234	79,812	72,963	71,684	-1,834	69,850
Nuclear Material Safety and Safeguards	33,936	38,917	44,644	40,460	37,935	-550	37,385
Nuclar Regulatory Research	227,326	222,663	289,600	286,390	239,512	-19,787	219,725
Program Technical Support	18,696	22,612	25,146	25,091	23,891	-491	23,400
Program Direction and Administration	35,441	37,359	42,594	41,792	37,447	-1,427	36,020
TOTAL	$448,694	$474,800	$585,010	$562,121	$505,400	$-25,900	$479,500

U. S. NUCLEAR REGULATORY COMMISSION
FY 1983 BUDGET HISTORY
(Dollars in Thousands)

			FY 1983				
	Actual FY 1981	Estimate FY 1982	Office Request	Estimate to OMB 9/1/81	Revised Estimate to OMB 10/22/81	OMB Changes	Estimates to Congress
People	3,139	3,325	3,555	3,440	3,350	-47	3,303
Salaries & Benefits	$123,423	$138,700	$145,000	$143,900	$144,200	$ -6,300 1/	$137,900
Program Support:							
Nuclear Reactor Regulation:							
Operating Reactors	$ 10,733	$ 10,310	$ 14,140	$ 10,245	$ 10,245		$ 10,245
Casework	15,752	17,272	13,660	13,660	14,660		14,660
Licensing Support	11,428	13,703	21,080	19,720	19,695		19,695
Subtotal	$ 37,913	$ 41,285	$ 48,880	$ 43,625	$ 44,600		$ 44,600
Inspection and Enforcement:							
Reactor Operations, Management Direction and Support	$ 537	$ 596	$ 2,590	$ 2,590	$ 2,190		$ 2,190
Safeguards	1,135	753	1,830	1,410	1,410		1,410
All Other	5,512	7,942	11,500	8,093	7,800		7,800
Subtotal	$ 7,184	$ 9,291	$ 15,920	$ 12,093	$ 11,400		$ 11,400
Nuclear Material Safety and Safeguards:							
Fuel Cycle	$ 4,097	$ 3,482	$ 6,075	$ 4,075	$ 3,580		$ 3,580
Saeguards	2,510	2,735	2,730	2,730	2,440		2,440
Waste Management and Management Support	9,205	12,475	11,280	11,280	11,280		11,280
Subtotal	$ 15,812	$ 18,692	$ 20,085	$ 18,085	$ 17,300		$ 17,300

1/ Reduction includes the cost of the 47 positions plus some of the cost in FY 1983 of the FY 1982 pay raise.

			FY 1983				
	Actual FY 1981	Estimate FY 1982	Office Request	Estimate to OMB 9/1/81	Revised Estimate to OMB 10/22/81	OMB Changes	Estimates to Congress
Nuclear Regulatory Research:							
LOCA and Transient	$ 46,182	$ 30,900	$ 31,000	$ 31,000	$ 31,000	$ -1,000	$ 30,000
LOFT	41,550	42,000	40,600	40,600	15,000		15,000
Accident Evaluation and Mitigation	26,324	33,100	50,400	50,400	50,400	-3,200	47,200
Advanced Reactors	9,703	7,500	23,500	23,500	13,000		13,000
Reactor and Facility Engineering	28,405	33,800	38,500	38,200	38,200	-200	38,000
Facility Operations and Safeguards	12,618	13,028	17,900	16,800	15,800	-2,300	13,500
Waste Management	10,202	12,200	19,600	19,600	18,000	-4,400	13,600
Siting and Environment	12,927	9,000	14,700	14,700	12,500	-3,500	9,000
Systems and Reliability Analysis	13,901	15,050	23,800	21,700	19,200	-3,300	15,900
Subtotal	$201,812	$196,578	$260,000	$256,500	$213,100	$-17,900	$195,200
Program Technical Support	$ 1,683	$ 2,462	$ 3,347	$ 3,347	$ 3,300		$ 3,300
Program Direction and Administration	$ 1,109	$ 2,042	$ 2,534	$ 2,262	$ 2,200		$ 2,200
TOTAL PROGRAM SUPPORT	$265,513	$270,350	$350,766	$335,912	$291,900	$-17,900	$274,000
Administrative Support	$ 43,422	$ 47,677	$ 64,191	$ 59,975	$ 50,900		$ 50,900
Travel	$ 7,883	$ 10,250	$ 13,143	$ 12,874	$ 10,400	$ -300	$ 10,100
Equipment	$ 8,453	$ 7,823	$ 11,910	$ 9,460	$ 8,000	$ -1,400	$ 6,600
TOTAL OBLIGATIONS	$448,694	$474,800	$585,010	$562,121	$505,400	$-25,900	$479,500

U.S. NUCLEAR REGULATORY COMMISSION
FY 1983 PERSONNEL HISTORY

PERMANENT POSITIONS

			FY 1983				
	Actual FY 1981	Estimate FY 1982	Office Request	Estimate to OMB 9-1-81	Revised Estimate To OMB 10-22-81	OMB Changes	Estimates to Congress
Nuclear Reactor Regulation	700	702	819	757	754	-16	738
Inspection and Enforcement	873	985	1,022	1,017	1,001	- 6	995
Nuclear Material Safety and Safeguards	293	320	326	320	311	- 3	308
Nuclear Regulatory Research	292	295	303	301	290	- 7	283
Program Technical Support	276	308	322	318	306	- 1	305
Program Direction and Administration	705	715	764	727	688	-14	674
TOTAL	3,139	3,325	3,556	3,440	3,350	-47	3,303

U. S. Nuclear Regulatory Commission
FY 1983 Personnel History

Full-Time Permanent Staff:	Actual FY 1981	Estimate FY 1982	FY 1983				
			Office Request	Estimate To OMB 9/1/81	Revised Est. to OMB 10/22/81	OMB Change	Estimates To Congress
Nuclear Reactor Regulation							
Operating Reactors	160	201	307	266	266	- 2	264
Casework	297	309	231	231	241	+ 5	246
Licensing Support	243	192	281	260	247	-19	228
Subtotal	700	702	819	757	754	-16[2]	738
Inspection and Enforcement							
Reactor Operations, Management Direction and Support	323	361	387	387	381	- 4	377
Safeguards	75	84	86	86	83	- 2	81
All Other	475	540	549	544	537		537
Subtotal	873	985	1022	1017	1001	- 6[2]	995
Nuclear Material Safety and Safeguards[1]							
Fuel Cycle	98	108	116	110	106		106
Safeguards	96	100	98	98	93	- 1	92
Waste Management	99	112	112	112	112	- 2	110
Subtotal	293	320	326	320	311	- 3[2]	308

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[1] Includes Management Direction and Support: Fuel Cycle FY 81 - 6; FY 82 - 6; FY 83 - 6; Safeguards FY 81 - 6; FY 82 - 6; FY 83 - 6; Waste Management FY 81 - 6; FY 82 - 7; FY 83 - 7.

[2] OMB mark received at the program office level; detail allocation made by NRC.

	Actual FY 1981	Estimate FY 1982	FY 1983 Office Request	FY 1983 Estimate To OMB 9/1/81	FY 1983 Revised Est. to OMB 10/22/81	FY 1983 OMB Change	FY 1983 Estimates To Congress
Nuclear Regulatory Research							
LOCA and Transient	20	19	17	17	17		17
LOFT	6	6	6	6	5	- 1	4
Accident Evaluation and Mitigation	23	25	27	27	26	- 1	25
Advanced Reactors	4	3	9	9	8	- 4	4
Reactor Facility and Engineering	56	57	57	57	57	- 1	56
Facility Operations and Safeguards	55	55	55	55	55		55
Waste Management	28	28	28	28	25	+ 1	26
Siting and Environment	31	31	30	30	27	- 1	26
Systems and Reliability Analysis	44	46	49	47	46		46
Program Direction and Support	25	25	25	25	24		24
Subtotal	292	295	303	301	290	- 7[1]	283
Program Technical Support	276	308	322	318	306	- 1	305
Program Direction and Administration	705	715	764	727	688	-14	674
Total NRC	3139	3325	3556	3440	3350	-47	3303

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[1] OMB mark received at the program office level; detail allocation made by NRC.

Senator **Simpson**. Thank you very much, Chairman Palladino. Senator Stafford has a conflict in schedule and I believe he may have some questions.

Senator **Stafford**. Thank you very much, Mr. Chairman. I do have one question in particular of interest to the State I have the honor to represent and several others. Somewhat out of context, Mr. Palladino, might I ask you this question: There has been concern expressed over the adequacy of procedures and allocation of responsibility for packaging, labeling, and transportation of nuclear waste, particularly by a number of the States through which such shipments pass. The question I have is, how is the responsibility for the regulation of these shipments divided among the NRC, the Department of Transportation, and the States? Has this division of responsibility proved to be efficient and effective as well as responsive to the concerns of the States and what, if anything, needs to be done to insure these shipments are safe and that transportation and packaging requirements are complied with?

That is sort of a multibarreled question, I will admit, but may I present it to you in that form?

Mr. **Palladino**. Mr. Chairman, I will try to answer as much as I can and if you would like more details, I will turn to members of my staff.

Senator **Stafford**. I appreciate that.

Mr. **Palladino**. The responsibilities are divided such that the Department of Transportation is responsible for regulating safety in transportation of hazardous materials, including radioactive material. NRC is responsible for regulating safety in receipt, possession, use, and transfer of byproduct, source and special nuclear materials. NRC reviews the package designs and has been a party to having a number of them tested. I don't know if you would like more detail than that.

Senator **Stafford**. If you could, Mr. Chairman, I would appreciate some more detail at your earliest convenience, if that could be done.

Mr. **Palladino**. Is there some specific point you would like me to address?

Senator **Stafford**. I would appreciate some additional detail as to the insurance that these shipments are safe and that all transportation and packaging requirements are complied with.

Mr. **Palladino**. We will submit that for the record.

Senator **Stafford**. Thank you very much. Thank you, Mr. Chairman.

[The following information was subsequently supplied:]

RESPONSE TO CHAIRMAN STAFFORD'S QUESTION ON WASTE TRANSPORTATION

Both NRC and DOT have jurisdiction over the transportation of spent fuel and nuclear waste. The NRC is authorized to regulate such transportation by the Atomic Energy Act of 1954, as amended, and by the Energy Reorganization Act of 1974, as amended. The DOT is authorized to regulate radioactive material transportation by the Hazardous Materials Transportation Act of 1974, among other Acts.

To assure comprehensive regulations and to avoid duplication of effort, the division of responsibility between NRC and DOT has been defined in a Memorandum of Understanding. Basically, NRC regulates the design, construction, and use of certain shipping containers (primarily those for fissile materials and Type B quantities of material as defined in 10 CFR Part 71). This includes proper preparation and loading of the containers for shipment. NRC is also responsible for determining which shipments need to be safeguarded and for developing appropriate safeguards regulations. DOT regulates carrier activities and the actual transport of the material. This includes tie-downs, vehicle and driver requirements, routing, etc. DOT is also responsible for prescribing procedures to be followed in the event of a transportation accident involving radioactive materials. With respect to shipping containers, DOT regulates various "specification containers" included in DOT regulations and all containers for less than a Type B quantity of non-fissile material. DOT is also the Competent Authority responsible for approving shipping containers used to import radioactive materials into the U.S.

The present federal regulatory system appears satisfactory in that the activities of NRC and DOT are coordinated under the Memorandum of Understanding. The history of working relations and cooperation between the two agencies has been good.

The public concern with transportation of spent fuel and nuclear waste is evidenced by the proliferation of state legislation and local ordinances affecting the transportation of radioactive materials. Under the Hazardous Materials Transportation Act, the Secretary of Transportation may allow state and local governments to regulate shipment of radioactive materials if it is determined that these local regulations are consistent with federal regulations, not unduly burdensome to commerce, and therefore not preempted by federal authority.

It appears that the reasons for the enactment of these state and local restrictions is a perception by some members of the public that the federal regulatory system for transportation of radioactive material should specifically control carrier routes, travel times, and other operational parameters. For example, New York City passed its ordinance with the thought that the risk of allowing shipments of large quantities of radioactive materials to travel through regions of high population density is too great to be acceptable when alternative routes through lower population densities are available. Although the findings of the recent NRC "Final Environmental Statement on the Transportation of Radioactive Material by Air and Other Modes," NUREG-0170, do not support this view, the NRC is extending this study to look more closely at transportation of radioactive materials through urban environments. Notwithstanding possible large consequences from discrete low-probability events, such as high-severity accidents, the preliminary results of this additional study indicate that the risk to public health and safety from such transportation is very small. Nevertheless, some state legislatures and local authorities have responded to the public concern by enacting regulations and ordinances to fill this perceived void.

Both DOT and NRC are working to address these concerns and to make regulatory improvements where possible. The NRC recently completed a rulemaking action which will require that state governors, or their designee, be given advance notification of the transport of nuclear waste and spent fuel through their states. In January 1981, DOT issued a final rule concerning routing and driver training requirements for radioactive material shipments. Under this rule, shipments made by truck would generally follow the most direct interstate route and would be required to avoid large cities where an interstate bypass or beltway is available. States are permitted to designate alternate routes when those routes are demonstrably as safe as the routes specified in the rule. This rule was recently challenged in federal court by the City of New York. DOT was subsequently enjoined from enforcing its final rule with respect to spent fuel and other large quantity radioactive materials through densely populated areas.

Another public concern is whether radioactive waste shipments are made in compliance with federal requirements. In 1979, attention was called to a number of instances in which packages of low-level waste were found to be in non-compliance with federal safety rules. Such instances included leaking packages, truck contamination from improperly closed packages, free liquid in packages of supposedly dry material, and inadequately labeled and documented shipments. While none of these items of non-compliance by itself represented a significant health concern, collectively, they showed a lack of proper attention to federal requirements for packaging and shipping radioactive materials. The governors of the agreement states in which the commercial burial sites are located, notifed the NRC of the repeated disregard for federal transportation rules and at various times closed or limited these facilities to certain shippers.

The NRC, in conjunction with DOT, determined that the federal government should provide greater assurance that federal regulations were being observed. Consequently, several steps were taken to strengthen the inspection and enforcement program for radioactive material shipments. NRC changed its regulations to specifically subject its licensees to DOT requirements, and thus effectively increase the federal inspection capability. NRC also increased the number of inspections made at shipper and receiver sites and modified its enforcement criteria to increase penalties. As a result of these and other actions, the number of instances of non-compliance has markedly decreased. Today there is substantially more assurance that waste shipments are made in accordance with federal regulations than in the past.

Senator **Simpson**. I would inquire as to what conclusions you might have reached with the examination of the Ginna nuclear-powerplant incident concerning the operation of the new emergency procedures that were implemented after TMI. I believe we talked about the Incident Response Center and the emergency notification procedures and the coordination with FEMA. How did that work? Have you envisioned any modifications of the emergency response procedures as a result of that incident?

Mr. **Palladino**. Mr. Chairman, there were good and bad features about the way the Ginna incident was handled. Most of the good features, I think, had to do with the response of Rochester Gas and Electric and our field teams. We did have problems within our own Incident Response Center in that the automatic notifications that were to go to all the Commissioners, for example, and to our public affairs and congressional affairs offices broke down, and although we had other means by which these people were informed, we were not satisfied that our automatic notifications were taking place.

Also, I did find in the Incident Response Center both improvement and failure to improve. I found that the room was less congested because some attention had been given to moving individuals out of the room that didn't have to be in the area, but then I found charts of the plant that one could use in following the incident had not been made available. So some of these improvements have to be given further attention.

Senator **Simpson**. And what specific ones do you recommend at the present moment?

Mr. **Palladino**. I have recommended to the EDO that atten- tion be given to some of the issues I have indicated with regard to the Incident Response Center. Also, I think there is some confusion about the correct procedures with regard to handling an accident being in the files of Rochester Gas and Electric, and while I think they used very good judgment, there could be some cause for concern that the procedures for what was done are not all that clear.

Senator **Simpson**. Those steam generator tube problems with pressurized water reactors have been rather persistent, I think, for several years. What findings did you reach concerning the Ginna steam generator problem and the implications of that event for other pressurized water reactors? I would be interested in that and what efforts might be underway or planned in the inspection and research areas of the program to deal more effectively with failures in steam-generator-tube piping in those type of reactors.

Mr. **Palladino**. The general problem of steam generator tube degradation is a very troublesome one. We are most anxious to understand what led to this particular situation as well as other situations in the past. Although the licensee was anxious to start up, the staff very prudently said they should not start up until we had made further examinations.

A couple of new factors evolved out of that examination including the fact that several of the plugged tubes had indicated damage. A couple of them had actually, I am told, had sort of a guillotine break. They did find extraneous material in the steam generator includinq a piece of boiler plate, I am told, something like 6½ by 4 inches by 7/16 inch thick, and there was also a piece that was about 3 inches by ½ inch by 1/16 of an inch in thickness.

These apparently had interacted with and damaged some of the other tubes. The extent to which this is the cause of the problem has not yet been determined, but we are still examining the situation.

Now with regard to your second question, I have asked the executive director for operations and he has agreed to put together an industry/NRC/ACRS task force to try to examine three major points. What is the present status of our understanding of the steam generator tube problem; what are some actions that would be prudent to take at the present time or in the short term; and what is our prognosis for the ultimate resolution of this problem.

That task force is in the process of being put together. I haven't heard the last-minute word on it, but perhaps Mr. Dircks might be able to add to that.

Senator **Simpson**. Do you have anything to add, Mr. Dircks, with regard to the task force?

Mr. **Dircks**. It is functioning. I might add that in addition to the agency organization that the chairman mentioned, we are trying to work with other Federal agencies, such as the Department of Energy and the Navy Department because of their experience in operating these types of plants. Of the three tasks the chairman has assigned to us, we have submitted already a preliminary analysis of what is the status today of the steam generator problem. The other two parts of the task will be completed as soon as we get to them.

Senator **Simpson**. You say you have completed the preliminary analysis?

Mr. **Dircks**. Of what is the extent of the problem and what is being done to deal with the problem on a short term basis.

Senator **Simpson**. When will that be available?

Mr. **Dircks**. It was submitted to the commission last week, so it is available right now.

Senator **Simpson**. Thank you very much, Mr. Dircks. I would ask then, how extensive is the steam generator tube damage at TMI-1 and when do you expect that repair work to be completed and what will be the impact of that upon the restart of unit 1 of the TMI plant?

Mr. **Palladino**. The problem with the TMI steam generator tubes appears to be a bit different from the problems encountered in other plants. In other plants, the corrosion has always been found to exist on the secondary side of the steam generator, on the outside of the tubes. At TMI the problem seems to be one of corrosion internally on the primary side of the tubes. It seems to be a combination of intergranular corrosion and stress. The exact causes are not yet known. It appears that somewhere between 8,000 and 10,000 tubes are involved; that is out of a total of over 31,000 tubes in the two steam generators.

There seems to be in the corrosion area evidence of sulfur and there seems to be also some contamination by chlorides. At the moment, I am not sure that the exact cause is known. GPU Nuclear is looking at several approaches. One is perhaps plugging the tubes, another might be sleeving, that is putting sleeves in the damaged area. Another may be replacement of the tubes or replacement of the steam generator. These would take varying amounts of time depending on which step was taken. Of course, the NRC will be looking very closely at any proposed step to make sure in the commission's mind that the steps are adequate.

Senator SIMPSON. Let me come back now to the recent District of Columbia Court of Appeals decision. What impact on your fiscal year programs does this decision have concerning psychological stress at Three Mile Island, and I would like to know how you assess the potential impact of that decision even though it is rather difficult to perceive now since it really was a decision but no opinion, which is a rather curious way to do our judicial duties. Nevertheless, what is the potential impact of that for your currently operating reactors pending future license applications and NRC activities in general?

Mr. PALLADINO. Mr. Chairman, the impact will depend on the scope of the opinion that is presented by the court. If the opinion is a narrow one, impacting only on TMI, then the impact would be rather narrow. However, if the opinion extends to the point where it covers all activities of the NRC or perhaps even goes broader and covers activities by other agencies as well, I think it would have an impact we would have to very carefully assess.

Our approach at the present time is, one, to start looking at what an environmental assessment would be needed with regard to psychological stress and, two, preparing steps for action involving the court depending on what the court opinion is.

Senator SIMPSON. Has the Commission or the staff looked into what steps might be needed in order to assess psychological stress? What will be required? I heard discussion of the possibility of a public referendum on the subject.

Mr. PALLADINO. Our staff has had, I believe, a couple of meetings with experts to try to see how the psychological stress question might be handled. I think Mr. Minogue is here and could probably give us a little bit of background on what resulted in the meetings. Maybe Harold can answer.

Senator SIMPSON. It is being referred on down the line.

Mr. PALLADINO. I am going to refer to Mr. Denton.

Mr. DENTON. We have had one workshop with a number of experts who participated in studying the stress around the site following the TMI accident. They concluded that it would be possible to draw inferences and in judgments about what the stress might be in the event of a restart. But they point out that it is a predictive question that is being asked. The question is not what were the stresses of the accident, but what would be the stresses in the event of a restart. They are not very optimistic that such inferences can be drawn with a high degree of confidence.

They tend to go back and look at the stresses that existed after the accident and during the krypton venting and would expect the stresses could start within those boundaries. There is a wide divergence of views among psychologists, psychiatrists, and social scientists about the ability to predict what stresses would be in the future and very limited amount of data from which to draw such inferences.

There are about 11 facilities in which the question of psychological stress has been raised during a hearing and could possibly be affected by a court decision that psychological stress was a relevant issue for the Commission's consideration.

Senator **Simpson**. I would be interested in whether the other Commissioners have any comment on this psychological stress issue. I think personally it is almost an impossible task. I can't imagine a more nebulous or morphous thicket to wander into than psychological stress when you are dealing with the issue of nuclear power or whatever. I would like your thoughts.

Mr. **Bradford**. As one who was originally prepared to wander into that thicket, let me just give you some sense of what I then thought that it held. As the chairman has indicated, it is hard now without the court opinion before us to answer either of the two questions you posed, that is, how many proceedings might it apply to or what would be required of us in those proceedings. Still it is worth remembering that the original proposition before us was contentions put forward by intervenors in this case who had specific contentions regarding stress that they wanted to present evidence on.

What they sought, I suppose, would have ranged from a Commission decision not to reopen to various mitigating actions that we might have taken.

My reasons for feeling that it was worth hearing what they had to say were that it did seem to me there might well be some commonsense things we could do in the context of a possible decision to restart that might have lessened the negative impacts on the TMI community.

In particular, it seemed to me, that we could have learned from the venting situation in which a couple of factors, one, the postponement of the venting during the school year off into the summer by circumstances having to do with the technical timing rather than our decisionmaking allowed parents who were especially concerned to move their children away without penalties in terms of schooling. Another example was the UCS report which concluded in fact there was no danger to the public safety and health in the venting.

Those kinds of examples persuaded me that there might be some similar considerations that would arise in the context of a TMI reopening and that it was at least worth hearing what those who were prepared to present the contentions and devote some time and thought to them had to say. That is still my view.

I feel now, as I felt then, that it would not be wise to extend that to all proceedings, that there is something unique about a situation where one is talking about reopening a nuclear plant in a community that has already had a serious accident. So I felt that a narrow look during the proceeding while the plant was going to be shut down anyway might have some benefit to us at minimal cost.

My hope is that the court decision isn't going to force the issue further and broaden it because I share your view that psychological stress as an across-the-board issue in all nuclear licensing, not to mention other projects such as public housing in suburban communities, for example, is simply a matter that I don't think the administrative process can cope with.

Senator **Simpson**. That is helpful to me. Yes, Commissioner Ahearne.

Mr. **Ahearne**. My opinion tends to track more closely with yours, and I will stay away from the other area such as the congressional action that you also included in that same statement. The opinion that I had was that I couldn't see how you can begin to draw a boundary in one place and then cut it off and not go farther. It didn't appear to me the NRC was competent to address the matter of psychological stress, nor did it seem to me it was an appropriate issue to be taken into the adjudicatory process. I thought our best approach was to try to discuss this as much as we could with the people in any area concerned about what our actions are, to address on the technical approach we take, which is where our expert knowledge lies, do the best we could in explaining what we are doing and hear what their concerns are and try to insure if the plant were to be allowed to operate that it would be operating safely. That seemed to me to be the best way we could address those kinds of concerns.

I don't think then and I still don't think introducing a subject of psychological stress into the hearing process will add any clarity to the decision. I can just see it leading into a long process, not just in this particular hearing but in many of our hearings.

Senator **Simpson**. I appreciate those comments becsuse I think, as you know, since I have been involved with the subcommittee, I have always deeply believed and put myself on the line about public participation throughout the whole issue, whether it is licensing or whatever it may be. I would think if we continue that close touch with the people that we need not then get into the issue of psychological stress, which is so very subjective. Some people crumble under the lightest load and others seem to savor the load.

The next questioner is one who savors his load, and Senator Domenici wanders in occasionally from his budget activities. That shows he still has great interest in this issue.

Pete, do you have any questions?

Senator **Domenici**. Thank you, Mr. Chairman.

I wasn't here when the discussion of this case started, and I understand we are in the process of learning more about what it means. But how did the issue arise? What in the law provided the court with an opportunity to decide that issue on the psychological impact? Does anybody know?

Mr. **Palladino**. I can tell you as much as I know, which may not be everything. I may call on the General Counsel. As I understand it, there was a contention by an organization known as PANE to have psychological stress considered in the restart of Three Mile Island Unit 1. When this was denied by the Commission, it was taken to the court. I wonder if I might ask the General Counsel, Mr. Bickwit, to review this situation.

Senator **Domenici**. Would that be all right, Mr. Chairman?

Senator **Simpson**. Yes, please.

Mr. **Bickwit**. As to your question as to what the court found in the law to justify its holding, it based its holding on the National Environmental Policy Act. It came to the conclusion that under the National Environmental Policy Act there was an obligation in this case to do an environmental assessment of psychological stress and if that assessment showed a need to do an impact statement, then a full impact statement would be required on the issue.

The court has not said anything about the hearing aspects of the matter and whether once an assessment is performed or an impact statement is done whether our hearing process will attach to either.

The court also considered or would have had to consider the question of whether the Atomic Energy Act requires consideration of psychological stress in our proceedings. It has simply stated with respect to that question that it would like to hear from the Commission exactly what the Commission's position is on that question and the Commission is in the process of getting back to the court on that.

Senator **Domenici**. Let me ask you a further question then. Did the issue of a NEPA statement for this process of reopening surprise anyone? Have we been having to do NEPA statements in addition to Nuclear Regulatory Commission regulations or is this the normal thing that was expected? Did the court go on some different tack in finding NEPA applied in this case?

Mr. **Bickwit**. The Commission routinely does NEPA statements on the issuance of initial licenses. The question of whether a NEPA statement would be required in a situation like this was something that presents a different question, and the court has ruled on it to the extent that I mentioned.

As Commissioner Ahearne has pointed out, the court has not given us an opinion on this particular matter. We do not know exactly what is moving the court. We can only speculate on that, but we know that it is NEPA and not the Atomic Energy Act that has led the court to require the Commission at this point to do an environmental assessment.

Senator **Domenici**. If it is as simple a proposition as requiring or not requiring a NEPA statement for reopening, that is something very clearly within the purview of the Congress and rather easily defined, do I understand you correctly?

Mr. **Bickwit**. If your question is could the Congress shape the ultimate results in this case and other similar cases, the answer is clearly yes.

Senator **Domenici**. What I meant is, we don't have to talk about what you ought to measure and what impact psychological feelings ought to have. If this issue is grounded in whether you need a NEPA statement on reopening, that would solve that issue. If we said it appears we never intended that, then it would solve that issue.

Mr. **Bickwit**. If the Congress, through legislation, said no NEPA statement is required in this instance, that would certainly overrule any decision of the court to the contrary.

Senator **Domenici**. Commissioner.

Mr. **Ahearne**. I wanted to reiterate the point Mr. Bickwit is making. We don't have the opinion of the court so it is a little difficult for us to address what their line of argument was and the second point was the aspect of the NEPA statement to be involved, in this case it was a surprise at least to some of us, was that psychological stress was to be considered.

Mr. **Bradford**. It may not be quite as simple as the colloquy thus far has suggested. For one thing, what has been required is not a NEPA statement but an assessment with the possibility of a statement to follow. The court has not spoken yet one way or the other as to whether the Atomic Energy Act also allows under the consideration of health and safety that stress can be considered.

If in their ultimate opinion they require considerations of stress to be considered under the health and safety framework of the Atomic Energy Act, then an amendment regarding NEPA and impact statements won't solve your problem.

Senator **Domenici**. I understand. Mr. Chairman, your letter of October 22, 1981, is in our briefing materials. Can I just talk a little bit about a couple of specifics. Congress has been engaged in the Clinch River breeder reactor funding for a number of years. It never disappears, but it appears to me, at least, Congress having decided to proceed, that the issue of licensing is very important. Many people have gone through some tremendously difficult votes to keep the funding level going. It would appear to this Senator that we don't want to get in a situation where we are down that road and find that we have squeezed your budget so much that you can't do the licensing research to be ready for the situation.

Could you address that in the committee, please?

Mr. **Palladino**. There were two aspects of the Clinch River breeder reactor budget that we had to consider. One is our workload in the licensing process, and the other is in supporting research. We had felt that we had a reasonable balance on our licensing program.

In our first submittal, we thought in order to carry out all the research activities that might have to be considered that we could have used a little bit more money for the Clinch River breeder. I think the Commission was pretty divided on that question. But I think on balance by redirecting some of our research work, we were able to put together enough money to at least get us started on the Clinch River breeder research program.

Senator **Domenici**. Then specifically, if you can, Mr. Chairman, are you telling this committee that you will be able, within your budget with redirection of funds and the like, to have the research on Clinch River licensing on track in terms of where you want it to be so that down the line we won't have the Commission coming back here, at least based on the issues as we now know them, saying we are delayed again because we didn't have enough money for the research into that area?

Mr. **Palladino**. I should add another point I think is rather crucial to this discussion and that is we were relying also on DOE carrying its major load on the research associated with the Clinch River breeder and that we would thereby be able to avoid duplicative efforts. I don't know if DOE or one of the staff members wants to add a point.

Senator **Domenici**. Do you want to add anything to that?

Mr. **Dircks**. Just to reinforce what the Chairman said. We have a tight program in both the licensing area and the research area. In terms of dollars in the research area, we are counting on a good deal of cooperation from the Department of Energy in supplying our needs. In the licensing area, it is always very tight. We do have people budgeted in this program but, again, we don't have very much room for contingencies in the whole budget. If something happened over the next year, a major safety issue, we, of course, would be very tight. We don't have nuch maneuvering room in this budget.

Senator **Domenici**. Is it fair to say you are working closely with the Department of Energy so you know what each one is doing in this area and you know what they plan to do and we don't have that lack of communication that has existed in some other times?

Mr. **Palladino**. It is my belief that we have established reasonably good communications with DOE. If my staff feels otherwise, I wish they would feel free to say so.

Senator **Domenici**. Does anybody want to say so? This is the time. Mr. Chairman, I asked that question because I do think it is important that we know. There is a tendency, and I am not critical of it, in budgeting of frequently finding justification for cutting one agency's critical effort because someone else is going to do it. We then go over the other budget and it is not in that one. That would obviously mean something would not get done and those are the kind of false savings we end up having to pay for around here.

We don't let it get through the crack, somebody funds it but I think we ought to know that in reference to DOE's program as best we could.

Could we ask our staff to evaluate that for us and to tell you, as our chairman, so we could see if they have put enough in their budget to do what NRC assumes is going to be done?

Senator **Simpson**. I can certainly accept that suggestion and will incorporate it. I think it is an excellent suggestion because I, too, am concerned whether we have sufficient resources to put licensing review within the so-called critical path of the construction and operation of that facility. I think that is important, and we will direct staff to do that.

Senator **Domenici**. Mr. Chairman, Members of the Commission, I want to talk a moment about the NRC's role in mill tailings and the enforcement of regulations for the stabilization of both operating mill tailing sits. I think you remember the legislative history. Congress passed a bill, the first one, with reference to mill tailings and had charged the Nuclear Regulatory Commission and the Environmental Protection Agency with the functions.

For some reason the Environmental Protection Agency did not develop the national health standards for low-level radiation on mill tailing piles in this country in a timely manner, and the Nuclear Regulatory Commission took up its mandate and proceeded to attempt to regulate without any national standards.

The Stratton amendment, imposed in the House and modified in the Senate, precludes you from enforcing those for 1 year. Can you describe for us whether that is working at this point? We were concerned that the prohibition in the appropriation approach might cause some peripheral problems, such as the nonfunding of agreement States' activities. Have we cleared that up and are we able to proceed with funding of agreement States' activities and yet separate out from that the nonenforcement for 1 year of your requirements on mill tailings stabilization?

Mr. PALLADINO. I believe that we have been able to proceed on the activities regarding agreement States. We have even felt that the language of the amendment did not prohibit the NRC from working with States that wanted to voluntarily request NRC involvement in their mill tailings requirements.

We also have been working to see where we should go when the Stratton amendment expires.

Senator DOMENICI. We are hopeful that we will put some permanent law in that will push the efforts of the EPA to get that done in a timely manner. Then it ought to fall together more easily in that you would have national standards to base your regulatory requirement upon. That is pending in the Congress, I think.

Senator SIMPSON. It certainly is.

Mr. PALLADINO. We have been working on what we believe the EPA was thinking about but we never did have their requirements. Yet I think the staff felt they were obligated to proceed promptly, as the law required, in developing the requirements.

Senator DOMENICI. Commissioner, did you want to comment?

Mr. AHEARNE. Yes, Senator. I thought since you were expressing interest on trying to move EPA along, perhaps you could also look at the EPA high level waste standards.

Senator DOMENICI. At the what?

Mr. AHEARNE. The high level waste standards. Getting those out would also help us there, too.

Senator DOMENICI. I am aware of that.

On the stabilization of the old, nonactive sites, Mr. Chairman, which is basically a military function, Congress having concluded that most of those were produced in behalf of the U.S. military under the old atomic energy program, which was exclusively military, they are busy planning that stabilization, as you are aware, a rather large endeavor. It could be as much as $1 billion program. How does that relate to you? Is DOE on a path of their own without NRC involvement? Or are you involved in some way on the abandoned sites that are no longer operative?

Mr. PALLADINO. I wonder if I might ask Mr. John Davis from the Office of Nuclear Material Safety and Safeguards to respond.

Mr. DAVIS. We are involved with DOE. We have provided overview—concurrence—and advice to DOE in their particular program, but from our standpoint it is their responsiblity, not our responsibility other than providing advice and overview.

Senator DOMENICI. So I understand they are busy trying to find ways to do it satisfactorily, including the hiring of major consultants in the country to finding new and different ways, perhaps, of stabilizing those old pilings; is that correct?

Mr. DAVIS. Yes, they are looking into ways to stabilize these pilings. We do have some concerns, as I am sure DOE does about the continuing escalating costs of taking care of these old pilings.

Senator DOMENICI. My last question, Mr. Chairman.

Three Mile Island, I guess, taught us a lot of things, but I guess one thing it taught us that I am fairly much aware of is that while we have been concentrating in the past on large, rather expansive loss of coolant accidents that we found it was predicated upon a much different scenario. It was a small loss of coolant with a chain reaction. Have we changed our way of doing things? Did this teach us anything about accident evaluation that will cause us to be more appreciative of the potential for the smaller type chain reaction events such as Three Mile Island or was that a freak?

Mr. PALLADINO. I think it has very definitely made us more sensitive to looking at accidents other than the most catastrophic. That, I believe, has been factored into the evaluation of new plants. I wonder if Mr. Denton might want to expand on that.

Mr. DENTON. It did teach us. We overemphasized giving too much attention to the large loss of coolant accident. Areas today like the selection and qualification of operators, the control room design, the operating procedures, the emergency procedures, are given a great deal more emphasis today as a result of Three Mile Island.

Senator DOMENICI. Communication?

Mr. DENTON. Yes, sir.

Senator DOMENICI. Thank you very much.

Mr. PALLADINO. Mr. Minogue has something.

Mr. MINOGUE. Thank you, I will be brief.

I would like to comment on the same thing as it relates to the research program. Immediately after the accident, the LOFT facility, and other smaller facilities we have to look at transients were directed toward doing a whole series of experiments dealing with small breaks. From the results of these, we have made a great deal of progress to develop improved computer codes that can be used as the basis for realistic analyses of these accident sequences. We have made a lot of progress in the last few years.

Senator DOMENICI. Mr. Chairman, I have some questions about LOFT and the assignment of various research activities, but I think I will reduce them to writing and with your permission I will submit them to the Commission for response.

Senator SIMPSON. Thank you, very much.

Let me ask about your monthly report on the status of licensing activities. You project the issuance of operating licenses for 28 reactors by the end of fiscal year 1983.

Are the resources contained in this budget submission adequate to complete the safety reviews for those facilities sufficiently far in advance, that is, to allow timely completion of the hearings for each facility?

Mr. PALLADINO. Mr. Chairman, our estimates on that range over quite a spectrum as to what plants would be completed and what year. If we go on the applicant's estimates, we find that in calendar year 1982, there would be 16 up for review and in calendar year 1983, 17 for review.

These are calendar years. The estimates made by our staff are that in calendar year 1982, 10 of them would be up for review and in 1983, 13. So there is some slippage. But we believe that resources are adequate to keep pace with even the applicant's estimates if they should come to pass, even though we believe they may not be on the same schedule as they project.

Senator SIMPSON. I want to, in the midst of the way we often do it around here, which is we kind of float along on waves of criticism of ourselves and each other and agencies, but I think the entire commission in a coordinated effort has done a remarkable job of thinking out that licensing delay and I commend you on it.

Whether it came from factors of misinformation or delay within the industry or delay within the Commission, let's just say it has been essentially very clearly addressed, and I am most appreciative.

It was one of the issues I wanted to grapple with when I came on as chairman a year ago. I think it has been very significant.

In testimony last year, you indicated you were working diligently with the Federal Emergency Management Agency to insure a timely completion of these emergency response plans, a very difficult area, especially in the local areas.

Your latest report now to the subcommittee on the status of offsite emergency planning shows a potential delay, as you say, of 16 months of seven sites.

I would like to know what the reasons for those projected delays are, but particularly has this NRC FEMA working relationship been effective or efficient and what steps need be taken to improve coordination and cooperation between the two agencies on this important area of emergency response planning?

Mr. PALLADINO. Mr. Chairman, I think our cooperation or involvement with FEMA has been very good. They have been most cooperative and I think our people have cooperated in turn.

Most of the difficulties that have arisen lately have to do with involvement with local communities in getting plans approved and exercises run, not that the communities aren't always cooperative but there are difficulties that arise in carrying these things out.

There is one area where I think there is not unanimity of thought between the NRC and FEMA and that is with regard to the frequency of exercises. FEMA feels we, the whole Nation, could benefit by reducing the frequency of the number of inspections from 1 year to every other year or every 2 years.

They made their presentation to the Commission, and I am not sure how we stand, but we certainly are not unanimous on agreeing with FEMA in this area.

Mr. AHEARNE. I just have to with great reluctance somewhat disagree with my chairman. I don't think FEMA's position was all that clear, on the correct frequency of exercises.

Senator SIMPSON. I was wondering, there is a requirement for drills, I guess is the phrase. I remember those in grade school, fire drills.

Mr. PALLADINO. It is my impression FEMA was quite clear on what they recommended. Perhaps that is the reason we don't see eye to eye on the resolution because maybe we don't see eye to eye on the event that prompts it.

Senator SIMPSON. A dramatic difference of opinion there.

Senator DOMENICI. Mr. Chairman, could I just make an observation?

Senator SIMPSON. Please.

Senator DOMENICI. While I hate to disagree with our distinquished chairman, I would say the past performance of FEMA would indicate to this Senator that unless you could show me, I would think your commissioner would be right and you would be wrong.

I don't think they have been very clear at anything for an awful long time, even what they are supposed to be doing. We haven't been very clear either. We don't even know where they ought to be. They used to be independent. We moved them from HUD to here to there.

It would be great to reward if they really were helping you with something. Now I don't mean you are wrong, Mr. Chairman, but that is just a prejudiced assumption on my part.

Mr. PALLADINO. I cannot comment on other aspects of FEMA's operation, but I thought their recommendation was clear. Maybe the staff has a different point of view.

Incidentally, they are free to differ with me any time.

Senator SIMPSON. Let me ask, because I think that it seems to me to be the issue, what do the State and local governments feel with regard to the requirement of the drills and the positions of the NRC and FEMA?

I would like to know what you get back from them?

Mr. PALLADINO. I think by and large they would like to see the frequency of exercises reduced.

Senator SIMPSON. Reduced?

Mr. PALLADINO. Yes.

Senator SIMPSON. They feel it is a burden upon them.

Mr. PALLADINO. Yes, particularly counties that have a couple of reactor sites nearby and get involved, along with the State, more than once a year.

It is quite a financial drain on them and I think this was the basis for the FEMA recommendation.

Senator SIMPSON. That is when you are dealing with city councils and county commissioners, that is what we are talking about, right?

So they don't want this increased activity of these requests for drills.

Mr. PALLADINO. Particularly those areas that have multiple reactors.

Mr. AHEARNE. I think, Senator, one of the messages that came through fairly clearly at least in the presentation to us by the State representatives and I think some of the letters we have received from the county commissioners also is the primary concern they have is the money.

This is a requirement that is being laid on for activities that were not there in years past. So it is a new requirement for them to raise funds to get it from somewhere and that is their biggest concern.

I don't think it really has addressed the issue of the appropriateness of the drill from the standpoint of meeting ready for an emergency. They need the money from somewhere. They also feel in many cases that they already have emergency systems in place, depending upon the area of the country. They handle hurricanes, they handle floods, they handle huge blizzards and so they are reluctant to see why this should be different, why they need a drill for that and not drill for those others.

Senator SIMPSON. If the local communities who should have the greatest interest on the issue are not self energized, then we have a problem.

Senator DOMENICI. Mr. Chairman?

Senator SIMPSON. Yes?

Senator **Domenici**. It appears to me, Mr. Chairman, that we have a responsibility to push the Nuclear Regulatory Commission to state their position in terms of emergency preparedness, including drills, very clearly because it is just an obvious trait of human nature that you don't want to do this until you have an accident and the problem is, when you have an accident, there is an obvious tendency to blame somebody else.

It appears to me that one of the major complaints after Three Mile Island was that we did not have an adequate emergency preparedness program coming out of the Nuclear Requlatory Commission. In fact, we almost shut down all nuclear energy in this country until we had a mandatory process for these fellows of making the local people do their job or helping them do it.

I hope we don't have any more accidents. I can see the scenario repeated. I would urge that they literally follow the law which we set down which is stringent on getting ready and at least have it well documented that they did their part because we will have Governors, county commissioners, city mayors up here if we ever have another one blaming it on us again in terms of preparedness.

It is almost impossible in the big cities to do it right but I think you ought to opt on the side of pushing very hard versus the other way from a National Government standpoint because you all will be right back in the middle of it and I would like to be at your defense and I cannot unless I have documentation that you really did everything you could.

Thank you, Mr. Chairman.

Senator **Simpson**. We have and do receive this monthly report.

Now, as I say, we have this 16-month delay with seven sites but I could not agree with you more as to the importance of it and, indeed, it becomes the place of blame-laying if something should go awry.

You are indicating that local governments were reluctant or are dragging their feet. I sense that. I think I would appreciate having the NRC, without diverting resources and personnel from other places, to qive us a little more emphasis in your next report as to that than perhaps any other thing.

That would be helpful for me.

Mr. **Palladino**. Would you like something separate?

Senator **Simpson**. It need not be. It could be associated with that report. If you could site a county here or here is a local government who doesn't want to do any more, we have done it, we have land-use planning, we have emergency routes, and we just don't want to mess around with it.

So at least we can target these areas because they will be the first to blame the Federal Establishment in the event of difficulty. That is my hunch.

Mr. **Palladino**. All right, we will include that in our next report.

Senator **Simpson**. I guess we have about 10 utilities who have failed to meet the February 1, 1982, deadline for installation of emergency warning systems.

What steps are being taken to bring those utilities into compliance and when do you expect each of those utilities to have fully installed and operable systems?

Mr. **Palladino**. Mr. Chairman, the steps beinq taken are to impose penalties for delay beyond the date. The penalties, as I recall, are that anyone who doesn't have them all in place by March 1, would be fined $1,000 a day, then I think after April 1, $2,000 a day, and then I believe after June 1, $4,000 a day.

Now some of them have projected in their earlier submittals that they might be as late as August, but we hope the differential civil penalty scale will cause them to accelerate some of their activities.

I did have a list somewhere of which plants were involved. I happened to turn to the right page. I can give you those if that is of interest to you.

Senator **Simpson**. In your budget request, there are additional resources to expand NRC's regionalization program.

I would like to know what benefits you expect from that program?

I understand you have made a tentative decision to locate the Uranium Recovery Office in Dallas, Tex., the site of one of the Commission's regional offices.

Have you conducted studies to determine the most cost-effective location of that office, bearing in mind that the majority of affected facilities are located in New Mexico, Utah, Colorado, and Wyoming, and I am not seeking it there when I ask that question, but I am very interested as to whether a study or what was reported to you and what was conducted before reaching a final decision on that matter.

Mr. **Palladino**. Mr. Chairman, I don't believe the Commission itself has made that decision. I think the operating staff is thinking of proposing that the office be in the Dallas region so it can be integrated in our own regionalization program and does not have to involve additional overhead. But the Commission itself has not acted on that as far as I can recall.

Mr. **Ahearne**. In fact, at least speaking for myself, I have been much more interested in Denver.

Senator **Simpson**. Even I would be much more interested in Denver because it would be the center of where the uranium industry is—New Mexico, Colorado, Utah, and Wyoming.

Mr. **Palladino**. Mr. Chairman, I wonder if I might ask the EDO, Mr. Dircks, to comment on that question.

Senator **Simpson**. If you would, please.

Mr. **Dircks**. We picked up the commission planning policy guidance and indicated we should consider Denver or Dallas.

The staff is recommending Dallas because it is already the site of our regional office in Dallas.

The boundaries of the region now are pretty much coincident with all the States that do have uranium milling activity.

I think there is only one State that lies outside the current regional boundaries and that is in Washington.

Denver does have certain advantages as you point out, while Dallas has other advantages. For example, it would save us several personnel slots by making it coincident with the Dallas office. It does have a certain cost advantage to go to Dallas. It also reinforces the notion that the Commission has been trying to put across that the regional administrators are, in effect, representatives of the whole agency out in those regions.

We didn't want to have, for example, Governors dealing with two or three regional people when they could be dealing with one regional administrator.

Senator SIMPSON. I would hope you would pursue that, and I would like to see figures on the cost effectiveness of that move and more particularly the servicing aspects of that move because I think Albuquerque or Denver would be much more appropriate than Dallas. It just seems to escape me as to how the Uranium Recovery Office would be best located there.

I would like some more information on that. Again, I am not looking to plant it in Casper but it just seems absurd that we deal with that industry, which is crippled right now anyway, without dealing with it in geographical location of the product.

Mr. PALLADINO. Mr. Chairman, we will see you get that information. I think the same information will be of interest to the Commissioners as well.

[The information referred to follows:]

COST-BENEFIT COMPARISON FOR RELOCATING THE URANIUM RECOVERY LICENSING BRANCH

The cost-benefit comparison for relocating the Uranium Recovery Licensing Branch (URLB) from Silver Spring, Maryland to Dallas, Texas versus Denver, Colorado is as follows:

COSTS:

It is more resource efficient to merge the URLB with the existing regional office in Dallas, Texas. It would take about eight more people to establish a new Denver regional office. The need for eight additional staff are in the area of overhead and technical support (legal, state liaison, and public affairs). These activities could be performed more efficiently by the existing staff in Dallas. The total cost of these eight people (salaries, benefits, office space, furniture, travel, etc.) is estimated to be about $350,000. An additional $70,000 would be needed in Denver to meet security requirements, establish computer circuits, etc.

In addition, if the newly created regional office only housed the URLB, it could create some difficulties for licensees and State Governments within the current Region IV geographical boundaries. It would probably be necessary to redefine regional boundaries which would create inefficiencies not included in the cost differential reflected above.

Also, establishing a new field office based on the geographical proximity of licensees would establish a precedent that could, if expanded, lead to a very dispersed and inefficient organization/management structure.

Commissioner Ahearne strongly disagrees with these last two points. He believes there would be no real difficulties with regard to licensees nor State Governments. (Note the regional boundary issue is not changed by locating in Dallas.) Further, the reason for moving the mill tailings office out of Washington is to get close to the licensees. He also believes the overhead staffing (legal, state liaison, public affairs) has been exaggerated.

BENEFITS:

If the regional office were established in Denver, there would be a small dollar savings in travel expenses, since many licensees are located in the Denver area. This savings is estimated to be around $20,000 per year.

NET DOLLAR SAVINGS (DALLAS OVER DENVER):

Approximately $400,000.

Senator **Simpson**. Thank you, very much.

I have some questions on LOFT, too, but I will submit those in writing.

Senator Hart will not be present and he will have some questions to submit in writing to the Commission.

Let me ask, the Commission has had pending for some time now a request to the General Services Administration for the interim consolidation of the NRC headquarters staff.

What progress have you made on that proposal? What is the impact in terms of both efficiency and safety of the present Commission office situation?

Mr. **Palladino**. Mr. Chairman, I think consolidation is a very important aspect of the NRC's continued operations. We are in 10 different buildings in at least 4 areas, as I recall.

We thought we did have an arrangement with GSA whereby we could consolidate eventually in the Matomic building and perhaps in one location in the Bethesda area so we could have forces split in a way that our main decisionmakers and their staff personnel would be downtown with the Commission and the support personnel who are not so directly involved in decisions could be at Bethesda.

The arrangement we thought we had with GSA was that some 50,000 square feet that was now becoming available in the Matomic building downtown would be made available to us and as other vacancies occurred in that building, we would grow into it.

That seems to have fallen apart and GSA is now talking about trying some other plan to consolidate us. Based on conversations I had with the people I have worked with and White House staff, I wrote a letter indicating that I didn't think the proposal that came out of our last discussions was a satisfactory one and asked for help in seeing that we get some approach that would be workable.

We have been admonished by a number of committees, including the Kemeny Commission, that we should be consolidated to make our day-to-day operations more efficient and also to be able to handle emergencies in a more expeditious manner.

It certainly was clear at the Ginna incident that it took an hour after notification before I was able to get to the incident response center. I think that is a little bit too long.

Senator **Simpson**. I would appreciate you keeping us well advised on that. We know that has come before the subcommittee in previous times. I think it is important to have a closeness with the NRC operations, and if you will do that, we would be appreciative.

Mr. **Palladino**. We will.

Senator **Simpson**. I have many other questions.

I wanted to ask questions about the status of the resident inspector program and whether this budget allows that to proceed properly. Also the Institute of Electrical and Electronic Engineers Laboratory accreditation program, evaluation of that, but unfortunately, I must be in another place.

I will submit those questions in writing and I appreciate your being present and answering questions of the subcommittee and the full committee.

I would guess that this appearance is probably your swansong, Commissioner Bradford, is that not correct?

Mr. **Bradford**. Unless you scheduled another hearing quite soon, that is correct.

Senator **Simpson**. I want to thank you for what you have done. I have not always concurred with your thought but I admire your personal experience and your consistency.

I have enjoyed my times with you as I have visited with you and I wish you well in your new life in the private sector.

Mr. **Bradford**. Thank you, Senator. The sector won't be all that private, I am afraid.

Senator **Simpson**. What will you be doing?

Mr. **Bradford**. I will be the public advocate for the State of Maine, returning to the Northeast.

Let me say also that this has been an especially rewarding committee to testify before and to work with. I think the bipartisan spirit in which you and Senator Hart and the other members have conducted your business has made it an especially easy and helpful committee for us to be overseen by.

I have commented on other occasions that neither we nor the industry benefit from vast swings in opinion in which we are told to focus entirely on reactor licensing for a few months and then something goes wrong and we have to focus entirely on whatever it was that went wrong for a few months after that.

This committee has by and large steered an even and fair course. As I say, I am very grateful for that.

Senator **Simpson**. Thank you.

Senator Symms has some questions and he will conclude the hearing upon the conclusion of those questions and, again, thank you, very much.

Thank you to the staff.

Senator **Symms** [presiding]. Thank you, Mr. Chairman.

One question I want to ask and will submit the balance to the Commission, Mr. Chairman, if you would be so kind as to answer them. What I wanted to bring up, which you are probably not surprised to hear, is the $27 million proposed reduction in the LOFT program.

Could you explain what impact this will have on the LOFT program and what research information will not be available with this reduction and what impact will this reduction have on personnel funding at the laboratories performing the work for the LOFT program?

Mr. **Palladino**. I wonder if I might call on the head of our research office, Mr. Robert Minogue to respond.

Senator **Symms**. OK.

Mr. **Minogue**. Senator, over the last year, we have engaged in two parallel activities to try to deal with the problem of achieving the missions of the LOFT program while at the same time keeping the costs within the amounts budgeted.

These efforts consisted first of a very careful definition of an experimental program which was done in consultation with a large number of consultants and reviewed by the Commission last year, and the second phase was an effort to work very closely with the contractor to reduce the costs of carrying out the program by very careful execution of economies in the program and reduction of some peripheral costs.

So the answer to your question is, we will be able to run the entire program as it was laid out last year within the amounts that have been provided for in this budget.

There is some carry forward money, money from fiscal year 1982 that we would spend in fiscal year 1983.

As we now see it, the total program can be carried out with the cooperation and hard work of the contractor within these funds.

Senator SYMMS. Thank you.

Mr. Chairman, this may have already been asked by Senator Simpson. If it is redundant, please just say so.

The question I want to ask is, what major changes, if any, have you instituted at the NRC to expedite the whole process of licensing and to prove the ability of the Commission to be able to move forward with what the responsibilities are? Do you have further steps and plans for improvements?

Mr. PALLADINO. Senator, we have primarily redistributed resources to enable our staff to handle licensing processing.

I presume that is what you were speaking about.

Senator SYMMS. Yes.

Mr. PALLADINO. We have in the past, although not recently, been using a lot of overtime to supplement those resources. Also by use of project officers, we have been able to keep on top of the situation in each case.

We also have asked the hearing board to take better control of the hearing process so that it can be managed more expeditiously than would otherwise be the case.

Senator SYMMS. Do you have any plans to submit any legislation to the Congress to improve the licensing procedure?

Mr. PALLADINO. We have at the present time a task force that is looking at three things:

One, a legislative package that could perhaps create a better climate for future plants in the form of a standardization package. They will also look to see whether there is legislation that ought to be proposed to help in reforming the licensing process. The third thing they will be looking at is what internal reforms can we make without legislation.

The first package is before the Commission for its consideration. The other two are still under development.

Senator SYMMS. Thank you, very much.

Mr. BRADFORD. Senator Symms, it might be worth observing the entire so-called package of licensing delays which prompted many of these concerns 1 year ago have since evaporated.

The delays which were ballooned up are now completely gone between the Commission's internal measures and the slippages in the licensees' own schedules.

It has turned out no plants have been delayed and while there is one left that may be delayed, a month or two, it may not depending on whether its schedule slips a little.

That problem is basically behind us.

Senator SYMMS. Just to go back to that LOFT question again, you feel you will be able to complete what the original plan was on LOFT with the present funding levels but what will the personnel impact at INEL be?

Mr. **Minogue**. Some part of the impact can be absorbed in other program areas that are expanding, particularly some of the work on fuel damage.

There will be layoffs over the next several years as a result of the termination of this program unless the contractor is able to successfully broaden the base and find other users of experimental data from LOFT who would be willing to do follow-on programs.

They are exploring the possibility of doing this by an international consortium under the auspices of the Nuclear Energy Agency.

I think the bottom line is there will be substantial layoffs.

Senator **Symms**. But you don't have any idea of how many?

Would substantial mean 10 percent, 20 percent?

Mr. **Minogue**. The figure I have heard is on the order of 500 or 600 people, many of them being support people and technicians.

Senator **Symms**. All at INEL?

Mr. **Minogue**. At INEL, yes, sir.

Senator **Symms**. Thank you.

That is not the kind of news I like to hear, but I appreciate your honesty.

Thank you, very much. The meeting is adjourned.

[Whereupon, at 11:40 a.m., the committee adjourned, to reconvene at the call of the Chair.]

[Mr. Palladino's prepared statement and responses to written questions follow:]

TESTIMONY OF
NUNZIO J. PALLADINO
CHAIRMAN
U. S. NUCLEAR REGULATORY COMMISSION
ON
NRC FY 1983 BUDGET REQUEST
BEFORE THE
SENATE COMMITTEE
ON
ENVIRONMENT AND PUBLIC WORKS

FEBRUARY 22, 1982

Mr. Chairman, I appreciate this opportunity to discuss the Nuclear Regulatory Commission's (NRC) FY 1983 budget with you.

As the table at the end of my testimony indicates, our requests total $479.5 million and 3,303 full-time employees which amounts to $4.7 million more than our FY 1982 funding and 22 fewer staff. Although the total proposed funding is slightly increased, when the impact of inflation is accounted for, this request represents a net decline in overall agency funding. We have tried to achieve efficiencies in our operation wherever possible to offset this decline.

Mr. Chairman, recognizing that there are always activities that could be accomplished faster and better with increased support, our budget request represents a level of funding that will enable us to meet our highest priority commitments in a timely and effective manner. On balance, we have a reasonable allocation of resources to each of the major NRC programs.

I will summarize the most significant activities within each major program in order to provide a rationale for our budget and to give you an overview of program expansions and reductions. Table 1 shows the staffing and funds needed for each of our major programs.

Nuclear Reactor Regulation

The table shows that the largest increase in our budget request is for the Office of Nuclear Reactor Regulation (NRR).

We propose to increase the resources in NRR devoted to resolution of safety issues and processing amendments to operating reactor licenses. We also propose to increase resources devoted to reactor operator examinations and to developing better operator qualifications standards. Timely attention to these areas will help assure the safe operation of nuclear power plants.

NRR is also responsible for the Systematic Evalution Program (SEP) and the National Reliability Evaluation Program (NREP) which have been developed to reassess the design and operation of operating reactors. Following the successful completion of SEP Phase II, the systematic review of the ten oldest nuclear plants, SEP Phase III would begin in FY 1983 a systematic review of the remaining plants. We propose to initiate the complementary NREP risk assessment studies in FY 1983.

A major function of NRR involves the technical review of reactor license applications. Our budget is based on the planning assumption that by 1983 we will be able to reduce the NRR resources devoted to processing applications and still complete reviews without impacting the scheduled fuel loading and operation of new plants. While I am hopeful this assumption will prove correct, there is always the possibility that slippages of plants scheduled for completion in 1982 could cause an increase in our assumed 1983 workload.

In FY 1983, NRR would continue the licensing review of the Clinch River Breeder Reactor initiated several months ago. The resources requested would allow us to keep pace with the Department of Energy's (DOE) construction schedule.

Inspection and Enforcement

As the attached table indicates, we have provided the Office of Inspection and Enforcement (IE) with increased resources. This increase would provide inspection coverage of the new operating reactors coming on line and contractual assistance to perform initial one-time inspections to evaluate compliance with the new fire protection and facility safeguards rules.

Our budget for IE also contains funds to initiate construction of an inspector training center at the Tennessee Valley Authority site near Chattanooga, Tennessee. This facility will enhance our ability to maintain a well trained inspection force.

Nuclear Material Safety and Safeguards

The budget submission shows a decline in resources allocated to the Office of Nuclear Materials Safety and Safeguards (NMSS).

This decline includes reductions in funding for the safeguards and waste management programs. Some of the reduction in NMSS' waste management program is matched by an increase in funding for waste management research conducted by the Office of Nuclear Regulatory Research. Overall, the agency resources devoted to waste management in FY 1983 would remain at about the current level.

Our FY 83 program would continue the development of a computerized Licensing Management System so that NMSS can eliminate much of the inefficient manual processing in some 6,000 material licenses annually.

Nuclear Regulatory Research

While the magnitude of the funding reduction between FY 1982 and FY 1983 in our research program is relatively small, we propose significant changes in the goals of the research activities. Major activities that would increase are those associated with prevention and mitigation of certain accidents, application of risk analysis, and human factors.

Our focus in FY 1983 would be on the prevention and mitigation of accidents which could lead to severe core damage as occurred at Three Mile Island (TMI).

We believe risk assessment techniques can significantly improve our analysis of reactor safety questions. We propose to dedicate increased resources in FY 1983 to the development of a user's guide for the application of risk assessment methodologies in the licensing process.

One of the lessons learned from TMI is the importance of human factors to the safe operation of nuclear reactors. The FY 1983 human factors research program would increase over the FY 1982 budget. The expanded effort would be directed toward gaining a better understanding of the man-machine interface and developing ways to lessen the potential for the human factor to degrade safety.

We have looked carefully at our research program to be sure we were devoting sufficient effort to support of the Clinch River Breeder Reactor (CRBR) license application. We are coordinating with DOE to avoid duplicative activities.

Our research program would allow the completion of the scheduled Loss of Fluid Testing (LOFT) tests in FY 1983. In FY 1982 and FY 1983 the LOFT testing would include the testing program required by Congress.

Program Technical Support

Program Technical Support (PTS) includes those offices that support our licensing hearings, interface with states and foreign governments, and perform analyses of operating reactor data. The increased funding would provide for an automated system for tracking, identifying, and correlating operating reactor experience data.

Program Direction and Administration

The Program Direction and Administration (PDA) offices collectively provide overall policy direction, resources management, administration, and logistic support for the agency. There would be a net reduction of forty-one staff in the PDA offices.

In addition, we propose to make greater efforts to coordinate our programs with those of other government agencies and the industry. For example, our funding for high-level waste management reflects increased reliance on DOE's high-level waste management efforts. We are working closely with the Federal Emergency Management Agency to develop and implement effective emergency planning requirements for licensed facilities. We are evaluating and will use work done by the Institute of Nuclear Power Operations (INPO) for the development of standards in the human factors area.

At this point, I should note that -- despite repeated efforts on our part to obtain a solution -- the agency is still widely dispersed around the Metropolitan Washington area. There is now a strong probability that we will not be allowed to consolidate in the near future. Consolidation of NRC headquarters would greatly improve the efficiency of the organization in the day-to-day operations as well as our effectiveness in responding to emergencies such as the recent Ginna incident.

As a final point, I see the next few years as a period of budget stabilization for the Nuclear Regulatory Commission. While our license application caseload activities may start to decline, our caseload of operating reactors to be monitored will increase. Major future goals of the Commission are contained in the 1982 Policy and Planning Guidance (PPG) document. This guidance for establishing priorities and for improving the regulatory process was recently provided to the NRC staff. Copies of the PPG have been provided to this Committee as well. While not intended to be all-encompassing, the PPG establishes a general framework for planning in seven areas: safe operation of licensed plants; near-term licensing problems and responses; coordinating regulatory requirements; improving the licensing process; supporting new initiatives in nuclear waste and the cleanup of Three Mile Island; improving related regulatory tools; and safeguards.

I understand you have already received a copy of our detailed budget. In accordance with your request, I am also providing for the record a summary of our budget submission to the Office of Management and Budget.

This completes my statement, Mr. Chairman. I would be pleased to answer any questions you may have.

TABLE 1

FY 1983 PRESIDENT'S BUDGET
OFFICE LEVEL BREAKOUT

Summary Data		Estimate FY 1982	Estimate FY 1983	Change ±
NRR	(People)	(702)	(738)	(+36)
	Dollars	87,015	93,120	+6,105
I&E	(People)	(985)	(995)	(+10)
	Dollars	66,234	69,850	+3,616
NMSS	(People)	(320)	(308)	(-12)
	Dollars	38,917	37,385	-1,532
RES	(People)	(295)	(283)	(-12)
	Dollars	222,663	219,725	-2,938
PTS	(People)	(308)	(305)	(-03)
	Dollars	22,612	23,400	+788
PDA	(People)	(715)	(674)	(-41)
	Dollars	37,359	36,020	-1,339
TOTAL PEOPLE		(3,325)	(3,303)	(-22)
Total Dollars		474,800	479,500	+4,700

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

April 1, 1982

The Honorable Robert T. Stafford, Chairman
Committee on Environment and Public Works
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Attached are the Commission responses to the questions submitted for the record of the February 22, 1982 budget hearing held by the Senate Committee on Environment and Public Works.

Sincerely,

Edward Fay

for Carlton Kammerer, Director
Office of Congressional Affairs

Attachments:
As stated

cc: Sen. Jennings Randolph

RESPONSES TO QUESTIONS FROM SENATOR ALAN K. SIMPSON

QUESTION 1. Steam generator tube problems with pressurized water reactors have existed for several years. What efforts are underway or planned in the inspection and research areas of your program to deal more effectively with failures of steam generator tubes in pressurized water reactors? Do you expect to receive interim results from your analyses of the Surry steam generator that can serve as the basis for some form of regulatory response?

ANSWER.

The guidelines for inservice inspection of steam generator tubes are established in Regulatory Guide 1.83. To provide assurance that plants can be operated safely, the Office of Nuclear Reactor Regulation insures that the steam generators are tested initially to confirm tube integrity and based upon Regulatory Guide 1.83, plant Technical Specifications include requirements for periodic inservice inspection of the tubes. Tubes identified to be degraded beyond the limit specified in the plant Technical Specifications must be removed from service by plugging or repair by sleeving. In addition, the plant Technical Specifications provide limits on allowable primary to secondary leakage, beyond which the unit must be shutdown for additional inspection and repairs. Our Regional Offices use these criteria to audit licensees inspection efforts. In addition, the inspections performed by licensees are being monitored more closely because of the increase number of steam generator tube problems.

The NRC has underway a confirmatory research program designated as the Steam Generator Tube Integrity Program which is a multiphase, multitask laboratory program conducted at Pacific Northwest Laboratory. The principal objective is to provide the NRC with validated information on the remaining integrity of pressurized water reactor steam generator tubes where service-induced degradation has been indicated. An additional objective is to evaluate non-destructive instrumentation/techniques with which to examine defects in piping or tubing that serves as the reactor primary system pressure boundary.

The first program phases involved the study of mechanically (Phase I) and chemically (Phase II) defected tubing. The results from the Phases I and II of the program have been used to confirm or modify existing plugging criteria of defective tubes. Phase III of the original program included correlating the mathematical models developed in Phase I and II with actual service-flawed tubing. However, a lack of suitable specimens led to the redirection of Phase III into an effort to conduct extensive non-destructive and destructive evaluations on a retired-from-service nuclear steam generator. A generator removed from the Surry 2 nuclear plant after six years of service was judged suitable for this research.

Analysis of the Surry steam generator is an integral part of our research program. Non-destructive and destructive studies of the Surry generator began this fiscal year and will emphasize the following areas:

- o validation studies of primary side inspection techniques and instrumentation
- o verification of remaining integrity of service-defected steam generator tubes
- o assessment of the secondary support structure integrity

Question 1 (continued)

- o health physics - ALARA Control of Radiation Exposure associated with maintenance, repair, and ISI procedures
- o defect matrix profiling and identification
- o long-term operating effects of secondary side cleaning and primary side decontamination
- o nondestructive inservice inspection of the secondary side

The generator, which has service-induced flaws, will be a source of specimens for various NRC programs investigating steam generator questions.

During Fiscal Year 1983, the first tube will be tested to determine burst strength and leak rate, for initial correlation of nondestructive examination characterization of flawed tubes to tube integrity and to validate the integrity models developed previously. We expect that some interim results from the Surry steam generator studies can be used to develop improved tube plugging criteria and Inservice Inspection sampling plans to help assure continued safe operation of steam generators.

QUESTION 2(a). Your latest report to the subcommittee on the status of offsite emergency planning reports a potential delay of 16 months at 7 sites. What are the reasons for these projected delays?

ANSWER.

The summary that reports a potential delay of 16 months at seven sites is found in Part I, Table 1 of the joint monthly status report on emergency preparedness for the period November 30 to December 31, 1981. The reasons for these projected delays are provided in detail in Part II, Table III of this same report and involve seven nuclear facilities in six states. Generally, the delays are caused by the preparation, submittal and review of county emergency plans.

In the latest report dated March 22, 1982, the potential delay is reduced to 4 months at 1 site (Byron). This delay is primarily caused by the preparation of emergency plans for the counties within the 10-mile emergency planning zone-Ogle, Stephenson and Winnebago.

QUESTION 2(b). Has the NRC-FEMA working relationship in this area been an effective and efficient one? What steps, if any, need to be taken to improve cooperation and coordination between the two agencies on emergency response planning? What changes, if any, do you recommend in NRC and FEMA responsibilities for emergency planning? Is legislation needed in this area?

ANSWER.

The Joint NRC/FEMA review process has been functioning in a generally acceptable cooperative effort for more than two years. Over this period of time FEMA has reorganized and applied more resources to this program both in headquarters and in the regions. Last year we reported to the Committee that we had concerns about FEMA's ability to fully support this program, particularly in the April 1, 1981 - April 1, 1982 time frame. We can report now that FEMA has been able to meet its commitments for offsite plan reviews and exercise observations that are required for the licensing process and the upgraded emergency planning requirements contained in the NRC regulations.

It is our view that the current level of cooperation and coordination is adequate to carry out the program. No changes in responsibilities or additional legislation is necessary.

QUESTION 3(a). What progress has been made in completing the review and approval of State and local emergency plans at presently operating plants?

ANSWER.

FEMA reports that eight State site specific plans and 27 local government plans for offsite emergency response have been formally approved under its proposed emergency radiological plans and preparedness Rule 44 CFR 350. These approved plans pertain to seven licensed facilities, namely, Sequoyah, Farley, Hatch, McGuire, Robinson, Arkansas, and Ft. St. Vrain; and the Summer site which is still under construction. In addition, FEMA has provided interim findings as a result of the NRC/FEMA Memorandum of Understanding for the following licensed facilities: Fitzpatrick, Indian Point, Nine Mile Point, North Anna, Palisades, Salem, Prairie Island, San Onofre, TMI, McGuire, Farley, and Sequoyah.

A total of 215 plans have been formally submitted to FEMA for review and approval. This involves 169 local and 46 site specific State plans. An additional 132 plans have been developed and informally furnished to FEMA for review and comment by the Regional Assistance Committees.

The above information was provided by FEMA.

QUESTION 3(b). How would you characterize the level of cooperation by State and local governments in developing these plans and in conducting drills to test these plans?

ANSWER.

Generally, the level of cooperation by State and local governments in developing and testing emergency plans has been excellent. They continue to have funding problems, however, and in these cases the licensees generally provide the funds necessary to accomplish the task. FEMA noted a few instances where cooperation needed improvement. Both FEMA and NRC became actively involved in securing cooperation of all parties when such situations were identified.

QUESTION 3(c). What is your position regarding FEMA's proposal to reduce the frequency of emergency response drills? Given the concern expressed by State and local governments over the costs of such exercises, has the Commission any proposal that might alleviate such concerns without impairing emergency preparedness and response in the interaction between utilities, local governments, and States?

ANSWER.

Regarding FEMA's proposal to reduce the frequency of emergency response exercises, the Commission was briefed by FEMA on such a proposal on February 4, 1982, and a rulemaking was proposed by the NRC staff that was consistent with FEMA's initiative. The proposed rulemaking is still under consideration by the Commission.

Commissioner Ahearne's views are as follows:

After years of neglect, emergency planning and actual exercises were required by the NRC as a result of the TMI accident. Although the rule has been in place less than one year, the NRC is being asked to reduce the frequency of the exercises. Operational experience proves that participating in an actual exercise shows weaknesses that were not discovered in plan reviews and develops skills that cannot be learned by reading. There is no effective substitute.

State and local governments have not yet gained adequate experience in exercising emergency response plans. Full participation in annual exercises is the best method of identifying problems. It is premature to relax the requirements to the extent proposed by FEMA. I would support a rule change revising the requirements so that a state or local government would not be required to participate in more than one full exercise per year.

QUESTION 4 . You indicated in your testimony that you are working on two separate legislative packages to address the issue of licensing reform. The first package, the Subcommittee understands, focuses on those changes needed to facilitate and encourage standardization. (i) What issues will the second legislative package address and when will this second package be submitted to the Congress? (ii) Is it the Commission's intention to submit all recommended legislative changes identified in each of these two packages at one time to Congress? (iii) If not, what is the reason for the submission of two separate legislative packages dealing with the issue of licensing reform?

ANSWER

The issues to be covered by the second legislative package are currently under consideration by the Regulatory Reform Task Force. Although no definitive list has been made to date, the second legislative package may include such items as abolishing mandatory construction permit hearings, altering section 189 a. of the Atomic Energy Act to permit the use of less formal hearing procedures, and addressing the question of whether there should be a permanent authority to issue interim operating licenses. The Commission does not currently intend to introduce both its standardization package and the second package at one time to Congress. The reason for this is two-fold. The package on standardization will be ready to present to Congress several months ahead of the time that the second package will be ready. Moreover, the standardization legislation serves a special purpose and can be considered quite separately from the other legislative proposals of the Commission. Standardization is also less controversial than the subject matter in the second package. Separate consideration of the two packages could mitigate potential opposition to standardization by reason of the controversial nature of the second package.

QUESTION 5. During 1981, the Commission had before it a number of proposed administrative changes designed to make the licensing process more effective and efficient. Which of these proposals did the Commission adopt and what have the results been?

ANSWER.

-- The Commission issued a Policy Statement providing guidance to the Licensing Boards on how to expedite proceedings.

-- The Commission modified the immediate effectiveness rule providing that low-power OL's may be issued immediately upon receipt of a favorable decision authorizing low power operation by a Licensing Board. Full-power OL's remain subject to effectiveness review by the Commission itself, a review which is intended to be completed within 30 days barring complications after the issuance of a decision by a Licensing Board authorizing full power operation.

-- The Commission adopted a regulation which precludes consideration of alternative sites under NEPA in operating license proceedings.

-- The Commission issued guidance to Licensing Boards on their authority to raise issues sua sponte.

-- The Commission directed Licensing Boards to attempt where possible to set hearing schedules so that the Boards would issue initial decisions within 300 days after the publication of the last staff safety evaluation report that must be issued prior to the commencement of the hearing.

-- The Commission adopted several changes to the Commission's rules of practice. (These changes authorize Licensing Boards to make oral rulings on written motions during the course of a prehearing conference or a hearing, preclude parties from filing responses to objections to a prehearing order unless the Licensing Board so directs, revise the schedule for filing proposed findings of fact and conclusions of law, authorize the Licensing Boards to require service of documents by express mail, permit summary disposition motions to be filed at any time during the course of a proceeding, and authorize the Licensing Boards to require responses to motions to compel answers to discovery requests be made orally in a conference telephone call rather than in writing.)

-- The Commission adopted a regulation which generally eliminates need for power and alternative energy source considerations under NEPA in operating license proceedings.

-- The Commission adopted a regulation eliminating financial qualifications reviews and finding for utilities that are applying for construction permits or operating licenses for production or utilization facilities.

The Commission is also considering adopting final rules which would raise the threshold for the admission of contentions and grant Licensing Boards greater authority to control and streamline discovery. The Commission is also considering issuing a proposed rule for public comment which would make the Commission's regulations regarding ex parte communications and separation of functions less restrictive.

These steps as well as slippages in the dates estimated by utilities for completion of construction have resulted in reducing delays in issuing operating licenses in the near term. These steps will also permit the staff to achieve a review schedule consistent with expected completion dates for those facilities scheduled to receive operating licenses in fiscal year 1983 and beyond. For the latter facilities, procedural changes have eliminated multiple rounds of questions from the NRC staff to the applicants and provide for staff preparation of a draft Safety Evaluation Report based on the application and the applicant's responses to a single comprehensive set of questions.

QUESTION 6 . What are the Commission's ongoing efforts for developing administrative improvements in the licensing process, and when do you expect to propose and act upon changes to the licensing process that can be implemented without the need for legislation?

ANSWER

The ongoing efforts for developing administrative improvements in the licensing process are being carried out by the Regulatory Reform Task Force, a group of senior NRC staff members selected by Chairman Palladino in November to assess the licensing process and suggest both legislative and administrative changes. The report of the Task Force on administrative improvements is due to the Commission June 1, 1982. Assuming that the Commission takes thirty days to consider and revise the recommendations of the Task Force, administrative changes which involve the issuance of policy papers and interoffice directives could be put into place in July. Those matters which require rulemaking would follow a schedule approximately as follows:

July 1 - publish the rule in Federal Register,
August 1 - comment period closes,
September 1 - comments are evaluated and revisions are made,
the final rule goes to the Commission for consideration,
October 1 - the final rules are issued.

The projections are only approximations. However, the Commission anticipates that substantial administrative changes in its rules can be made by the Fall of 1982.

QUESTION 7 You have stated in your testimony that you are relying on DOE to carry a major load of the research work for CRBR licensing. How is that work allocated between NRC and DOE? Are you confident that the division of work is such that responsibilities are clearly defined, duplication and oversight are avoided, and that the work of both DOE and NRC is adequately financed to allow licensing to proceed in a timely way? Are the resources that you have requested sufficient to fully implement the licensing review of the CRBR without adversely affecting your other licensing activities? If not, what additional resources are needed?

ANSWER

The task of developing the supporting base technology for the LMFBR and specifically for CRBR is the responsibility of the Department of Energy. The NRC expects that the Department of Energy base technology program will provide the body of research necessary to support the applicant's case. The research program of the NRC is directed specifically at providing needed information for CRBR licensing review. This information is required to develop expertise needed for the review, to assist in performing audits of tests or analyses submitted by the applicant and to develop regulatory tools. Department of Energy and foreign research has been followed by the NRC to eliminate duplication and to monitor progress in the resolution of safety issues.

The funds requested for FY 1983 are believed to be adequate to allow licensing to proceed in a timely way without adversely affecting other licensing activities.

QUESTION 8. Your budget submission for the Office of Inspection and Enforcement identifies a need for significant new expertise to support the Clinch River Breeder Reactor Licensing review. What level of staffing and resources will be required and when? Are these included in your request?

ANSWER.

The FY 1983 Budget Request includes three staff-years and $300,000 in program support for inspection related to the Clinch River Breeder Reactor licensing review. We are examining alternative management arrangements for performing the inspection functions in order to optimally utilize our existing expertise. We plan to utilize the unique CRBR expertise in the recently created CRBR Program Office to perform both the licensing and inspection related to the CRBR. With these arrangements, we believe the budgeted resources should be adequate.

QUESTION 9. The FY-83 Budget requests additional resources to expand NRC's regionalization program. According to your testimony, NRC staff has made a recommendation to locate the uranium recovery licensing office in Dallas, Texas, the site of one of the Commission's regional offices. The primary reason for proposing the Dallas location, according to your testimony, was to save on overhead costs. Specifically, what amount of overhead costs would be saved versus locating the office in a more central location? Please provide a complete analysis comparing all costs of locating the office in Dallas, versus other appropriate locations more centralized to the impacted industries, such as Denver, Colorado, including travel costs and staff-time for both the NRC and the impacted industires and efficiency costs in various time zones.

ANSWER.

The cost-benefit comparison for relocating the Uranium Recovery Licensing Branch (URLB) from Silver Spring, Maryland to Dallas, Texas versus Denver, Colorado is as follows:

COSTS:

It is more resource efficient to merge the URLB with the existing regional office in Dallas, Texas. It would take about eight more people to establish a new Denver regional office. The need for eight additional staff are in the area of overhead and technical support (legal, state liaison, and public affairs). These activities could be performed more efficiently by the existing staff in Dallas. The total cost of these eight people (salaries, benefits, office space, furniture, travel, etc.) is estimated to be about $350,000. An additional $70,000 would be needed in Denver to meet security requirements, establish computer circuits, etc.

In addition, if the newly created regional office only housed the URLB, it could create some difficulties for licensees and State Governments within the current Region IV geographical boundaries. It would probably be necessary to redefine regional boundaries which would create inefficiencies not included in the cost differential reflected above.

Also, establishing a new field office based on the geographical proximity of licensees would establish a precedent that could, if expanded, lead to a very dispersed and inefficient organization/management structure.

Commissioner Ahearne strongly disagrees with these last two points. He believes there would be no real difficulties with regard to licensees nor State Governments. (Note the regional boundary issue is not changed by locating in Dallas.) Further, the reason for moving the mill tailings office out of Washington is to get close to the licensees. He also believes the overhead staffing (legal, state liaison, public affairs) has been exaggerated.

BENEFITS:

If the regional office were established in Denver, there would be a small dollar savings in travel expenses, since many licensees are located in the Denver area. This savings is estimated to be around $20,000 per year.

NET DOLLAR SAVINGS (DALLAS OVER DENVER):

Approximately $400,000.

Question 10: Your October 23, 1981 letter to Mr. Stockman states that the OMB reduction in the NRC proposed budget would require that NRC defer important research projects that have not yet reached the formative state of payoff. What research areas will be deferred as a result of the OMB reduction; and what will be the safety impact of these deferrals? What resources would be needed to continue these projects in FY 1983?

ANSWER

Itemized below are the deferred programs outlined in our memorandum of October 23, 1981 to Mr. Stockman. The descriptions exclude work efforts which were eliminated or whose scope was reduced to address only specific regulatory needs. Examples of deleted programs are: (1) underground insitu testing for waste repositories and (2) environmental research which was aimed at resolution of site specific problems. Programs with reduced scopes include (1) health effects research, (2) earth sciences geologic research. The overall result of both terminated and deferred programs is a greater dependence on industry efforts and licensee and applicant submittals.

Areas of Deferred Research

(1) Accident Evaluation - Core melt phenomena and its consequences including the threat to containment from pressure excursions, the burning of hydrogen and containment basemat interactions. Deferral will cause a delay in assessing the safety impact of, need for, and cost benefit of accident mitigation features.

(2) Systems and Reliability Analysis - Development of single failure criteria and methods for incorporating risk contributions into probabilistic analysis. The safety impact will be a greater reliance on unverified industry developed analysis and information.

(3) 2D/3D International Programs - Instrument development and delivery in support of a cooperative agreement with Japan and the Federal Republic of Germany. Consequences of the deferral would be a cost increase in the overall program.

(4) Instrumentation and Control - Contributory efforts to the resolution of Unresolved Safety Issues (1) A-17, Systems Interactions; (2) A-47, Safety Implications of Control Systems; and (3) A-49 Pressurized Thermal Shock. The safety input is not directly measurable but the expected benefit was an increased understanding of accident sequences outside the design basis envelope. These events have not been the subject of the systematic review as part of the licensing process.

Resources to continue these programs at reduced levels are provided in our FY 83 budget submittal.

QUESTION 11. Is the proposed budget allocation in the area of High Temperature Gas Cooled Reactors (HTGR) sufficient to ensure prompt NRC response to an HTGR application submitted in 1983? If not, what levels of funding and staff would be necessary to process such an application?

ANSWER

The NRC FY 1983 budget request includes $2.5 million and one staff year for the Office of Nuclear Regulatory Research to conduct confirmatory research for the maintenance of a regulatory base within NRC for use in possible future HTGR reviews.

The NRC budget request does not include resources in FY 1983 for the Office of Nuclear Reactor Regulation to review an HTGR application since our earliest forecast for any HTGR activity is 1984.

If NRC is to initiate review of an HTGR application in FY 1983, four staff years and $200,000 would be needed by the Office of Nuclear Reactor Regulation.

QUESTION 12. Are you satisfied with the pace of cleanup operations at Three Mile Island Reactor 2? Has NRC reached agreement with the Department of Energy regarding disposal of all of the damaged reactor core? Do you continue to believe that safety needs will require that the damaged core be accepted by DOE for storage and ultimate disposal at another location?

ANSWER.

The Commission is seriously concerned with the slow pace of cleanup operations at TMI-2. In light of the licensee's serious financial problems the Commission has reservations regarding GPU's ability in the long term to continue to protect public and worker health and safety.

The TMI-2 reactor and related facilities have remained in a condition for which they were not designed for nearly 3 years and uncertainties about long-term plant capabilities persist. Even though TMI-2 is presently in a safe shutdown condition and public health, safety and the environment are being adequately protected, this situation is not necessarily stable or permanent. If TMI-2 is allowed to remain in its present condition over the long term, accidents involving radiation leakage and subsequent exposure to workers and the public have a greater probability for occurrence. The potential for these adverse events*, although small now, will increase with time as TMI-2 equipment deteriorates.

The Commission believes that DOE should accept and ultimately dispose of the entire damaged core. There is much to be learned from the conditions of the TMI-2 core that has safety ramifications appropriate for DOE study. Only DOE (and its contractors) has the technical capability to carry out these investigations. Additionally, if the DOE were to take responsibility for the core it would relieve one element of the cleanup that at present contains great uncertainty. Attached for your information is a copy of a March 22, 1982 letter to Chairman Simpson on the status of cleanup at TMI-2.

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* Specifically, potentially adverse public and worker health and safety events fall in two general categories:

1. Accidents that result in worker exposures: leakage from valves, pipes or tanks which does not reach the environment, but which do expose workers;
2. Accidents that result in radioactive releases to the environment: leakage resulting from a breach of the reactor building or processed water storage tank integrity and airborne releases generated by a mishap inside the plant and not removed by the plant's filtration system. There is also potential for releases from the interim storage of radioactive waste materials external to the plant buildings.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

CHAIRMAN

March 22, 1982

The Honorable Alan K. Simpson, Chairman
Subcommittee on Nuclear Regulation
Committee on Environment and Public Works
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Last October the Nuclear Regulatory Commission provided testimony to you on nuclear accident cleanup insurance legislation (S-1606) introduced by Senator Heinz. In that testimony we supported prompt steps to overcome the financial problems which are hindering the cleanup of the Three Mile Island, Unit 2 (TMI-2) nuclear power plant.

It is now three years since the TMI-2 accident and the financial problems, if anything, appear further from solution than they did last fall. My fellow Commissioners and I therefore want to emphasize our belief that the cleanup of TMI-2 must be accelerated. The potential for slow degradation of containment integrity and equipment capability plus the increasing concern for an unexpected release of radioactive material argue that, as a last resort, it is time for the Federal Government to take a more aggressive role. A more detailed explanation of our concerns is enclosed.

Our purpose in pointing this out to you is to ask that you support: (1) establishing some form of funding that will guarantee a rapid cleanup; and (2) DOE plans to take possession and dispose of the entire damaged reactor core as soon as technically feasible.

We believe greater Federal participation in assuring financial viability is a prerequisite to an acceptably rapid program. If the owners of the damaged reactor go bankrupt, the cleanup will still have to be done and the entire job and associated costs may fall upon the Federal Government. That possibility has recently become more likely. Restart of the undamaged Unit 1 reactor at Three Mile Island is the principal element in the owner's plan to finance the cleanup of Unit 2. Serious new technical problems, however, now indicate a 6-12 month or longer delay before Unit 1 could be in a position to generate any revenue. This setback adds a new degree of urgency to the increased Federal involvement we are recommending for clean up of TMI-2.

We support DOE's decision to accept and manage all the high-level waste, including taking possession of the entire core of the damaged reactor for research and eventual disposal. For our part, we in the Nuclear Regulatory Commission are committed to a timely as well as thorough execution of our responsibility to regulate the cleanup of TMI-2 in the interests of public health and safety.

Commissioner Gilinsky adds that he agrees with the Commission's statement regarding the pressing need to assure adequate financing for a prompt cleanup of TMI-2. However, he thinks the Commission should limit its advice to health and safety questions and leave it to the President and the Congress to strike a balance among the competing equities of the licensee, the affected States, and the Federal Government.

I would be pleased to meet with you to discuss this matter further.

Sincerely,

Nunzio J. Palladino

Nunzio J. Palladino

Enclosure:
As stated

cc: The Honorable Gary Hart

ENCLOSURE

The TMI-2 reactor and related facilities have remained in a condition for which they were not designed for three years. Only limited progress has been made in the cleanup, 1/ and uncertainties about long-term plant capabilities persist. Even though TMI-2 is presently in a safe shutdown condition and public health, safety and the environment are being adequately protected, this situation is not certain to remain stable.

If TMI-2 is allowed to remain in its present condition over the long term, accidents involving radiation leakage and subsequent exposure to workers and the public have a greater probability for occurrence. The potential for these adverse events 2/, although small now, will increase with time as TMI-2 equipment deteriorates. Such deterioration will be the inevitable result of maintenance limitations in areas of the TMI-2 facility where high radiation fields persist. Since the radioactive fission products and the damaged fuel presently contained in the reactor and the containment building will remain radioactive for an extremely long time, potential leakage of radioactive materials to the environment will continue to pose a serious threat until the fuel is removed, the facilities are decontaminated and all radioactive wastes are disposed of safely.

In combination with mechanical deterioration over time, natural phenomena (e.g., unexpectedly severe weather) and other adverse scenarios (e.g., fire) pose a potential threat to continued successful containment of TMI-2 contamination and stored waste. Although the likelihood of severe weather or a fire resulting in a radiation release to the environment is small, the possibility does exist, and the probability for such events occurring increases with time. Only the completion of all cleanup and radioactive waste disposal activities at the TMI-2 site will eliminate all possibility of inadvertent radioactive releases.

Footnotes

1/ March 1982 Status of TMI-2 Cleanup: Within several weeks of the accident, the decontamination of contaminated areas in the auxiliary and fuel handling buildings was initiated and approximately 70 percent of the area has been decontaminated. However, some of the more difficult areas to clean up were bypassed. Other significant cleanup accomplishments include the purging of the contaminated atmosphere from the reactor building, the processing of accident-related water which collected in the auxiliary and reactor buildings, and the shipment of some of the radioactive solid waste generated as a result of cleanup activities. Approximately 750,000 gallons of moderately contaminated water from the auxiliary building and 600,000 gallons of highly contaminated water from the reactor building have been processed. The reactor building has been purged of the 45,000 curie inventory of Kr-85 which collected during the accident. Lastly, 22 low-level waste resin liners generated as a result of accident water processing, and large quantities of other low radiation level waste, have been shipped to a commercial burial site for disposal.

While the cleanup completed to date represents a degree of progress toward total plant cleanup, a great deal of difficult work remains to be done. About 5% of the highly contaminated water remains in the reactor building (approximately 30,000 gallons) and 90,000 gallons in the reactor coolant system require processing. The balance of the most contaminated floors and surfaces in the auxiliary building remain to be decontaminated. Although a large-scale experiment for gross decontamination is in progress in portions of the reactor building, the entire reactor building will have to undergo detailed decontamination. The most difficult task ahead, defueling of the damaged core, is not anticipated to be completed for at least several years. Following defueling, the reactor coolant system surfaces will require decontamination. The processed accident-generated water will require ultimate disposition and the higher level solid waste resulting from water processing and other decontamination activities will require offsite shipment to a commercial or Federal facility for disposal or research, as appropriate. Finally, the damaged fuel assemblies and reactor vessel internals will require offsite disposition.

2/ Potential Health and Safety Events: Specifically, potentially adverse public health and safety events fall in two general categories:

(a) Accidents resulting in worker exposures -- leakage from valves, pipes or tanks which does not reach the environment but which does expose workers either accidentally or while attending to the problem.

(b) Accidents resulting in radioactive releases to the environment -- leakage resulting from a breach of the reactor building or processed water storage tank integrity and airborne releases generated by a mishap inside the plant and not removed by the plant's filtration system. There is also potential for releases from the interim storage of radioactive waste materials external to the plant buildings.

QUESTION 13. There have been a number of quality assurance and quality control problems in the construction of nuclear power plants. What is the Commission doing to encourage and require the industry to improve quality assurance and quality control in the construction of nuclear power plants?

ANSWER.

The NRC is presently evaluating various long-term program initiatives that could be taken to strengthen quality assurance during the design, construction, and operation of nuclear power plants. The specific initiatives presently under consideration by the staff are discussed in the attached January 21, 1982 memorandum, Dircks to Palladino, "Quality Assurance."

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

Attachment to
Question 13

JAN 2 , 1982

MEMORANDUM FOR: Chairman Palladino

FROM: William J. Dircks, Executive Director
for Operations

SUBJECT: QUALITY ASSURANCE

In response to your November 27, 1981 memorandum, the staff has evaluated various initiatives that could be taken to strengthen quality assurance at nuclear power plants. While serious quality assurance problems have arisen during the past few years in a number of plants, the staff is convinced that most design and construction activities associated with nuclear facilities have been and continue to be acceptable. This positive factor is the result of more than a decade of generally acceptable quality assurance programs and practices established by industry in response to NRC requirements. The problems that have arisen should not lead to an unwarranted response condemning industry and NRC quality assurance programs in their entirety, nor to an unnecessarily broad revision of existing requirements and practices.

Notwithstanding the above, the seriousness of the problems that have arisen demand prompt corrective action on the part of the Commission and the industry. The basic cause of the problems that have arisen is associated more with management attitudes and practices than with the programs themselves. The evidences of good quality in design and construction are invariably associated with the highest level of management being totally committed to quality beyond question. Senior managers are personally committed and are unrelenting in their demands on their staffs and contractors for a similar commitment.

The initiatives considered by the staff are directed mainly at the management problem. However, because there are obviously existing programmatic design and construction inadequacies, a number of strong initiatives are directed at these problems. The following discussion provides a description of the initiatives and indicates the directions I have given to the staff for prompt implementation or further study.

1. Immediate Action to Involve Industry Chief Executive Officers

   Immediate action is needed to increase the awareness of utility top executives of the vital need for their enthusiastic and unrelenting involvement with their nuclear plant quality assurance programs. The Chief Executive Officers of selected utilities should meet with the Commission and the senior staff to discuss the need for top management involvement in their quality assurance activities. We must inform industry that prompt corrective actions must be initiated by both the NRC and the industry to restore public confidence in the quality of construction of nuclear power plants. It is essential that industry and NRC actions be closely coordinated to ensure maximum effectiveness with limited resources and to minimize unnecessary delays in affecting improvements. In the meeting I am proposing, the following objectives should be sought:

a. Deliver a strong message that the industry has failed in too many instances to meet its responsibility for quality assurance at nuclear power plants under construction.

b. Obtain feedback on corrective actions currently planned by industry, e.g., the developing INPO program and the ANS Executive Conference, "Improving Quality in the Nuclear Industry."

c. Obtain a commitment for the development of an industry plan of action to be presented to the Commission within a month or so of the meeting. Suggested goals for this plan would include:

   - Short range -- establish a program for the appraisal of the adequacy of design and construction for plants expecting an Operating License in FY 82.

   - Longer range -- establish and implement a comprehensive program for the evaluation of design and construction for all other plants under construction. This program should utilize evaluations by independent groups to the extent practical. In addition, develop and implement a program to improve the quality of in-process design and construction, and provide a more effective means to assess end product quality.

d. Emphasize NRC's intention to use prompt and stringent sanctions in the event of quality assurance breakdowns identified by the NRC. At the same time, we should inform industry that breakdowns identified by industry independent assessments will not necessarily result in elevated enforcement action.

e. Inform the Chief Executive Officers that prior to the issuance of an operating license, the Chief Executive Officer will be required to certify that the plant has been designed, constructed and preoperationally tested in accordance with the Final Safety Analysis Report.

The strength of this initiative lies in the ability of top industry management to commit a broad range of highly skilled management and technical expertise towards an expeditious solution of these quality assurance problems. A comparable effort by the NRC staff would seriously divert limited resources and management attention from other equally important activities. The initiative provides industry the incentive to participate actively in the solution by minimizing direct regulatory involvement. The weakness of this approach may lie in the potential perception of the public that the Commission and the industry are "holding hands" on a serious problem involving inadequacies in both the industry's capabilities and the Commission's regulatory programs. It will also demonstrate that the industry is responsible for constructing their facilities in conformance with NRC requirements. Any negative effect can be mitigated through aggressive NRC oversight of the resulting industry solutions.

2. Consolidation of Staff Resources

Responsibilities for regulatory actions specifically related to quality assurance have been and currently are distributed between IE, NRR, RES, and the regional offices. I have initiated efforts to identify the respective staff elements, consider their interaction, and then to develop alternate ways of realigning and perhaps reinforcing these limited resources to assure a more efficient, effective and responsive handling of today's quality assurance problems. I will be ready to discuss the alternatives and my selected course of action with the Commission in mid-February.

3. Third Party Audits

I have directed a continuation of our efforts to encourage the industry to pursue vigorous use of industry construction quality and quality assurance standards through INPO, ASME, and comparable industry organizations. We know that active steps are being taken within the industry to move in this direction. NRC recognition of this type of program, with continuing oversight, should promote improved construction quality with minimum regulatory involvement or resource expenditures. We vigorously encourage industry to develop a unified audit program as soon as practicable.

For plants to be licensed this year, we will require the utility to perform a rigorous self appraisal of the effectiveness of its quality assurance program, and provide information to the staff in specified areas to permit the staff to independently assess the acceptability of design and construction. These specified areas will be identified by the staff on the basis of known potential problem areas and a review of the inspection and enforcement history of the specific plant. This approach is already being implemented for those plants nearest completion.

Industry has requested that INPO develop and manage a special audit program. INPO and a small group of industry representatives are in the process of discussing the program with various applicants and licensees. Early indications are that it may be the basis for industry's response to the current quality assurance problems. I have directed the Deputy Executive Director for Regional Operations and Generic Requirements to maintain liaison with the industry-INPO group on this matter, and arrange for them to brief the Commission and me on its program in order that we might suggest adjustments that should be made to have the program mesh most effectively with our own. This briefing will, if possible, be scheduled during the next week or two, and will precede our meeting with the Chief Executive Officers duscussed previously.

4. Enforcement Sanctions

Enforcement actions remain an effective means which the NRC can utilize to increase the attention utility management places on the QA area subsequent to the identification of violations of regulatory requirements. I have directed the staff to continue consideration of measures to modify enforcement sanctions for utility-identified violations. Such modification could provide incentives for increased industry identification and correction of problem areas.

5. Training, Qualification and Certification of QA Personnel

I have directed the staff to review, and revise as necessary, the regulatory guidance related to the training and qualification of utility and contractor personnel engaged in the performance of quality assurance/quality control functions. Of special significance, I have directed the staff to give serious consideration to formal certification of various levels of quality assurance personnel. The staff will consider the following alternatives.

- Third party certification of personnel engaged in quality assurance/quality control inspection functions.
- NRC licensing of personnel engaged in quality assurance/quality control inspection functions.
- Certification of selected utility, architect-engineer and major vendor employees as designated NRC inspectors (analogous to the FAA designated engineer).

Certification of personnel engaged in quality assurance/quality control inspections will provide a cadre of industry inspection personnel that have been certified to meet minimum levels of demonstrated inspection capabilities. Third-party certification would provide for greater industry acceptance, while NRC licensing of personnel would show an increased involvement by the NRC. Using industry personnel to perform NRC inspections would save NRC resources, as well as provide an increased industry acceptance of inspection results.

The following initiatives represent additional approaches under consideration by the staff, which could be taken to strengthen quality assurance. I have directed the staff to continue to evaluate these and other potential approaches.

1. Quality Verification Program for Problem Facilities

The staff is considering criteria for selectively applying programs to verify the quality of construction at sites where the staff is unable to ensure, through the normal range of regulatory activities, that the plant is constructed in conformance with the application, These programs will not be standardized but will be designed to include a mix of activities, depending on the extent and nature of the breakdown on the utility's quality assurance programs. The alternatives to be considered for any specific verification program will include:

- Intensive reinspection and/or reanalysis of questionable areas by the utility.
- Intensive inspection and/or analysis of questionable areas by NRC using, as appropriate, interoffice audit teams and/or contractor assistance to provide the required specific technical expertise.
- Use of the NRC mobile lab with independent technical inspection expertise contracted for by the NRC.

2. Design Management

The staff is considering initiatives to verify the proper management and implementation of the design for nuclear power plants. The alternatives under consideration include:

- The development of criteria to employ contractor design audits at selected sites in the construction phase. The audits would provide additional confidence in the proper implementation of the design in questionable areas.
- Revising the vendor and construction inspection programs to include inspection elements to be used to verify the proper management and implementation of the design.
- Assignment of resident inspectors at selected major vendors and architect-engineers.
- Some type of accreditation of design organizations, including those of nuclear steam system suppliers and architect-engineers.

3. Revised Inspection Program

Since formalization of the reactor construction inspection program in 1969, it has grown both in scope and depth of coverage. The initial construction inspection program depended principally on periodic reviews by a generalist reactor inspector who was generally assigned more than one facility. The construction inspection program has evolved to a complex program performed by a resident inspector augmented by many technical inspection specialists from the Regional Office. Inspections are also performed at the major vendors. The development of increased NRC capability for independent measurements utilizing contractor support is a recent initiative.

NRC is revising its vendor and construction inspection programs to be more innovative, effective, and resource efficient. The revised construction inspection program will place emphasis on ensuring the effectiveness of the utility's management control (quality assurance) systems while continuing direct verification inspections across the technical disciplines. Other changes in emphasis include increased contact with crafts people and quality control technicians. Considerations are being given to increased NRC emphasis on inspection of design and design interfaces while reducing the review of the documentation associated with QA programs.

One of the most important adjustments that will be made in the construction inspection program is the periodic overall assessment of the acceptability of construction considering all inspection results. Too often in the past, deficiencies in one discipline were treated without consideration of those in other areas; if all the deficiencies in all areas were considered in toto, clear evidence would indicate a basic breakdown in management control of QA/QC activities. We are already well into this initiative by recent modifications to our Post-TMI "SALP Program."

Since the inspection program has been a product of evolution it remains important to assure that it remains complimentary to changes in emphasis by industry and other NRC measures to improve quality.

4.. Approved Bidder's Lists

Presently, three measures exist which have some features of an "approved bidder's list" approach. One measure is the NRC review and approval of major vendor topical QA reports. Utilities may then utilize vendors with approved topical QA reports without a separate review of the vendor's QA program.. A second measure is an industry approach entitled Coordinated Agency Supplier Evaluation (CASE). The topical report for the function of this organization has been approved by the NRC. The topical report approval permits member utilities to utilize the results of an industry team evaluation of a vendor (principally small suppliers of parts and components) rather than each utility performing a separate vendor evaluation. A third measure is the ASME Certificate of Authorization (N-stamp) accreditation program. By this measure fabricators and manufacturers of ASME code components which receive an N-stamp have satisfied a minimum set of requirements. The NRC and ASME are negotiating a compatible set of requirements to permit full acceptance of the accreditation for 10 CFR 50 Appendix B purposes. When this action is complete the N-stamp holders will constitute a "bidders list."

The principal benefits of the approved bidder list approach is better utilization of industry resources, a more consistent, generally more stringent review and a positive incentive to the vendor since a failure to obtain an approval could result in a loss of all nuclear business rather than one utility's business.

In summary, I propose early meetings with the highest levels of industry management to increase and accelerate their involvement in these matters, the formulation of industry and staff programs to evaluate the effectiveness of the quality assurance plans for the design and construction of all plants with construction permits and a staff realignment to more effectively address quality assurance matters. The realigned quality assurance staff will continue to assess the utility of the initiatives discussed herein and search for others to upgrade the quality of design and construction.

(Signed) William J. Dircks

William J. Dircks
Executive Director for Operations

cc: Commissioner Gilinsky
Commissioner Bradford
Commissioner Ahearne
Commissioner Roberts
OPE
OGC
SECY

QUESTION 14. I understand that the industry has developed a proposal for improving quality assurance that would direct the Institute of Nuclear Power Operations to establish evaluation criteria and review industry quality assurance performance. What are your views on this proposal?

ANSWER.

The NRC is encouraging licensees to use third party audits for design and construction to supplement both present utility audits as well as those performed by NRC. The Institute of Nuclear Power Operations (INPO) is presently developing an audit program to address the quality assurance problems in design and construction. INPO is expected to complete a trial program by the end of this year. NRC views the INPO effort for auditing construction and design activities as a program that will supplement but not supplant planned NRC efforts in this same area.

QUESTION 15. What plans do you have for establishing third party inspection systems for vendors and contractors? What portion of your inspection effort in this area will be supplemented by third party inspections, and how extensive will NRC oversight of this program be?

ANSWER.

The NRC recognizes and has been participating in the American Society of Mechanical Engineers (ASME) program (N-Stamp program) for the accreditation of organizations who design and fabricate steel and concrete pressure vessels, pumps, valves, piping systems, and other ASME code defined steel components having safety importance. These activities supplement approximately one-third of the offsite vendor inspection effort performed by NRC personnel. Periodic audits of the several organizations participating in the ASME accreditation system are performed on a need basis. Primary surveillance is provided by an NRC representative serving as a voting member on the ASME Subcommittee on Nuclear Accreditation. This committee reviews all ASME survey reports and makes the decisions as to whether accreditation is granted to an applicant.

The NRC has also recognized and endorsed the activities of two other third party systems, the Coordinating Agency of Supplier Evaluation (CASE) and a vendor evaluation system conducted by the American Institute of Steel Construction (AISC). The CASE system provides pre-contract award evaluation of all types of vendors. The AISC system's activities are limited to verifying the qualifications of structural steel fabricators. Since both of these systems generally deal with components having lower safety significance, surveillance by the NRC has been limited to occasional documentation reviews and attendance at organizational meetings. The NRC does not inspect vendors at the pre-award stage; therefore, neither of these two programs supplement NRC inspections.

In addition to the ongoing programs with the ASME, CASE, AISC and the IEEE accreditation of test organizations (see question 23), the NRC is currently participating in discussions, planning and coordination activities with several other organizations such as the Institute of Nuclear Power Operations (INPO), the Edison Electric Institute (EEI), the Electric Power Research Institute (EPRI), the Atomic Industrial Forum, Inc. (AIF) and others. These efforts involve attempts to establish third party surveillance and audit systems covering a wide spectrum of activities including nuclear facility operation, construction, design and technical services. Such programs, if successfully implemented in the design and technical services areas, would directly supplement an additional one-third of the offsite vendor inspection effort currently performed by the NRC. The level of NRC oversight applied would be based upon the safety significance of the specific activity and the availability of resources to perform oversight audits.

Question 16: What steps has the Commission taken this past year to improve the efficiency of the Commission's operation? What further steps to improve efficiency are planned in FY 83 and what savings do you expect to achieve?

Answer:

The NRC has initiated and will continue in FY 1983 many improvements in the way the NRC operates. Some of the initiatives are internal to NRC while others involve other federal agencies and private concerns. Among the internal initiatives are (1) the major line office reorganization that combined the Office of Standards Development with the Office of Nuclear Reactor Research (complete) and (2) the consolidation of several of the support offices to improve the services they provide while simultaneously decreasing staff requirements. Two examples of the consolidation are the combining of the Office of Management and Program Analysis with the Office of the Controller (under consideration) and the consolidating of the Equal Employment Opportunity, Womens Program and Small and Disadvantaged Business Utilization into one centralized organization (complete). The Commission is actively reviewing the technical and hearings aspects of licensing and legislation to authorize changes such as licensing a site and a combined construction and operating license has been forwarded to the Congress.

To eliminate overlap and unnecessary expenditure of funds, the NRC is actively pursuing a policy to take advantage of work being done by other government agencies and the private sector. NRC intends to use selectively the Department of Energy research in the areas of high-level waste disposal and breeder reactor technology. NRC will continue to work closely with the Federal Emergency Management Agency on developing and implementing effective emergency planning requirements for licensed facilities. The NRC is pursuing with the private sector third party certification of quality control. The Commission is utilizing work done by the Institute on Nuclear Power Operations (INPO) on the development and operation of the Nuclear Plant Reliability Data System as well as on the operation of an industry-wide screening service to identify Licensee Event Reports and other operating experience of significance to the licensees to augment NRC data. NRC will also evaluate the INPO program for the development of standards and requirements in the human factors area.

In summary, the NRC has taken positive steps to minimize the resources necessary to effectively regulate the nuclear industry. A critical review of the NRC's procedures and organizational structure has led to changes that limit our resource requests while simultaneously improving the quality of regulation. We have looked to other sources for information and research that enable the NRC to eliminate overlap while insuring the public health and safety.

The savings that NRC will achieve through its in-house, other agency and private industry initiatives is difficult to calculate since many represent cost avoidance rather than direct savings. The reductions in the support function represent an approximate savings of $1,640,000 per year*. NRC has reduced its High Level Waste budget request by $4.6 million by using other agency work. Taking advantage of INPO work being done on Nuclear Plant Reliability Data System represents a savings of $150,000 per year.

* 41 SY X $40,000 = $1,640,000

QUESTION 17. Last year, the Commission established the Committee to Review Generic Requirements. This Committee appears to have the potential for bringing greater centralized management control, and greater uniformity and consistency, to the NRC staff's reactor regulatory program, and particularly to backfitting decisions. What responsibilities, in particular, has this Committee been charged with carrying out, what role do you envision for this Committee in the future, and what are your views regarding the nature and scope of functions that should be assigned to this Committee?

ANSWER

The Committee to Review Generic Requirements (CRGR) has the responsibility to review and recommend to the Executive Director for Operations (EDO) approval or disapproval of requirements proposed to be imposed on one or more classes of reactors. It is intended that the CRGR will assist the EDO in bringing greater centralized management control of the number and nature of the requirements placed by NRC on licensees. The objectives of these controls are to eliminate the unnecessary burdens placed on licensees, reduce the exposure of workers to radiation in implementing some of these requirements, and conserve NRC resources while at the same time not reducing the levels of protection of public health and safety.

With regard to the future role of the Committee, and the nature and scope of its functions, the Commission currently has this matter under consideration.

QUESTION 18. What is the status of the Resident Inspector Program? In particular, will there be at least one Resident Inspector at each site at which a commercial nuclear power plant is under construction or operating by the end of this fiscal year? What has the Commission's experience been in recruiting and retaining competent Resident Inspectors? What have been the benefits of this program?

ANSWER.

Presently, there is at least one resident inspector at every operating site. It is our intention to assign resident inspectors at the Phipps Bend and Yellow Creek construction sites as they approach the 15 percent completion status. By the end of the current fiscal year, there should be at least one resident inspector at every construction site which is more than 15 percent completed.

Generally, the Commission's experience in recruiting and retaining competent resident inspectors has been good. The three step pay increase effective October 4, 1981, and the provision for an extended tour of assignment, has increased the incentive for the Resident Inspector Program. The opportunity for higher salaries and better benefits in private sector employment, however, continues to threaten the resident program.

One of the primary benefits of this program has been an increased licensee awareness of regulatory requirements. The program has also provided the NRC with a better technical understanding of each plant, an improved basis for assessing licensee performance and a quicker response to plant events. There has also been a substantial increase in on-site inspection time over that provided by only a region based program. Moreover, the NRC has experienced earlier discovery and correction of potential problems and has obtained safety insights that were not previously obtainable.

QUESTION 19. Do you anticipate any reduction in the number of inspections, both routine and reactive, now conducted as a result of the proposed fiscal year 1983 funding level?

ANSWER.

The proposed fiscal year 1983 resource level will allow us to conduct inspections at approximately the same level as in fiscal year 1982.

QUESTION 20. In your budget submission for fiscal year 1983, you project a slight increase in proposed budget authority for fiscal year 1984, followed by a $50 million decrease in 1985 and a further $20 million decrease in 1986. What programs will be reduced or eliminated as a result of this lower level of funding in fiscal years 1985 and 1986.

ANSWER.

Recognizing the difficulties in projecting 3-4 years in the future, the projected lower funding level in fiscal years 1985 and 1986 is the result of a combination of factors, the most significant of which is the downward trend in the Research program. Testing in the LOFT facility will be completed in January 1983 with decontamination and decommission in 1983 and 1984. LOCA and Transient Research, Severe Accident Phenomena and Mitigation Research and Risk Assessment will have peaked in the 1983/1984 timeframe and will begin phase down in 1985/1986. Also, Waste Management could be expected to turn downward in 1985/1986. Other programs, as we now envision them, are remaining level or increasing slightly with overall funding decreasing compared to earlier years.

QUESTION 21

The Commission testified last year that it expected resolution of four new unresolved safety issues within 2-3 years. What is the status of that work? Have any new issues been identified? How many may we expect to be resolved in 1982 and 1983? When will work on all presently identified issues be completed?

ANSWER

Four new Unresolved Safety Issues were identified and reported to Congress in a NUREG report "Identification of New Unresolved Safety Issues Relating to Nuclear Power Plants," NUREG-0705, March 1981. They are Shutdown Decay Heat Removal Requirements (Task A-45), Seismic Qualification of Equipment in Operating Plants (Task A-46), Safety Implications of Control Systems (Task A-47), and Hydrogen Control Measures and Effects of Hydrogen Burns on Safety Equipment (Task A-48). Work during the past year on these issues has concentrated in developing a task action plan and identifying contractor capable of producing an acceptable resolution of each of these issues. The final task action plans for A-45, A-46, and A-47 are presently being reviewed internally and contractor work is being initiated. The NRC efforts on the hydrogen issue have been concentrated on rulemaking and on the licensing review of new operating licenses. One rule has been issued in final form and two other proposed rules have been issued for comment. Review of the hydrogen issue has been an important part of the operating license review for PWR ice condenser containment plants and BWR presure suppression containment plants. A task action plan for the hydrogen issue (Task A-48) is presently being developed that recognizes the significance of the above work and provide for any additional work needed to resolve this issue.

The Commission approved the designation of the issue of Pressurized Thermal Shock (Task A-49) as an Unresolved Safety Issue in December 1981.

A listing of all the Unresolved Safety Issues (USIs) and the present schedule for completion is provided in the attached table. In accordance with this schedule we expect that five USIs will be completed in 1982 and three more USIs in 1983. In addition we project that A-49 will also be completed in 1983 for a total of four USIs in 1983. We are presently rescheduling the completion of USIs to incorporate the time necessary for the additional work and review by the newly adopted Committee for the Review of Generic Requirements, which is responsible for assuring that all new NRC requirements (such as those proposed from the technical resolution of a USI) are necessary for safety and are cost effective. This additional effort will delay the final report for each USI by a few months, but it will not delay the technical work leading to a proposed resolution.

Although final task action plans and schedules have not been approved for A-45, A-47, and A-48 we presently anticipate that these USIs would be completed no later than 1984. This would complete the work on all presently identified USIs.

TABLE 1

SCHEDULE FOR RESOLUTION OF UNRESOLVED SAFETY ISSUES

Task No.	Unresolved Safety Issue	Previous Schedule for Staff Report*	Present Schedule for Final Staff Report**	Remarks
A-1	Water Hammer	Nov. 1981	Jan. 1983	Objectives were redefined and additional is underway.
A-2	Asymmetric Blowdown Loads	Completed Nov. 1980		
A-3,4,5	PWR Steam Generator Tube Integrity	Dec. 1981	March 1982	Delay in receiving internal review and comments.
A-6	Mark I Short Term Program	Completed Dec. 1977		
A-7	BWR Mark I Pressure Suppression Containment	Completed July 1980		
A-8	BWR Mark II Pressure Suppression Containment	Aug. 1981	Completed Aug. 1981	
A-39	SRV Pool Dynamic Loads	June 1981	Jan. 1982	NUREG-0763 and 0783 with partial resolution issued. Delay in receipt of vendor information for final report.
A-9	Anticipated Transient Without Scram	Completed with NUREG-0460 Vol. 4 for comment. March 1980		Proposed Rules issued Nov. 1981.
A-10	BWR Nozzle Cracking	Completed Nov. 1980		

Attachment (3 pgs)
Question 21

SCHEDULE FOR RESOLUTION OF UNRESOLVED SAFETY ISSUES

Task No.	Unresolved Safety Issue	Previous Schedule for Staff Report*	Present Schedule for Final Staff Report**	Remarks
A-11	Reactor Vessel Materials Toughness	Aug. 1981	Jan. 1982	NUREG-0744 for comment issued. Delay in receipt of comments.
A-12	Steam Generator and Reactor Vessel Supports	May 1981	Jan. 1982	Extended effort required to consider industry comments.
A-17	Systems Interaction	July 1981	Jan. 1984	See item II.C.3 in TMI Action Plan.
A-24	Qualification of Class IE Safety-Related Equipment	May 1981	Completed Aug. 1981	
A-26	Reactor Vessel Pressure Transient Protection	Completed Sept. 1978		
A-31	Residual Heat Removal	Completed 1978		
A-36	Control of Heavy Loads Near Spent Fuel	Completed July 1980		
A-40	Seismic Design Criteria	Sept. 1981	Schedule being developed	Delayed for additional internal review.
A-42	Pipe Cracks in Boiling Water Reactors	Completed July 1980		
A-43	Containment Emergency Sump	Sept. 1983	Nov. 1982	Favorable results from experimental program.
A-44	Station Blackout	Oct. 1982	March 1983	Delay in obtaining operating reliability data for diesel generators.

SCHEDULE FOR RESOLUTION OF UNRESOLVED SAFETY ISSUES

Task No.	Unresolved Safety Issue	Previous Schedule for Staff Report*	Present Schedule for Final Staff Report**	Remarks
A-45	Shutdown Decay Heat Removal Requirements	Schedule being developed	Oct. 1985	
A-46	Seismic Qualification of Equipment in Operating Plants	Schedule being developed	Dec. 1983	
A-47	Safety Implications of Control Systems	Schedule being developed	Schedule being developed	Task Action Plan being developed.
A-48	Hydrogen Control Measures and Effects of Hydrogen Burns or Safety Equipment	Schedule being developed	Schedule being developed	Principle NRC activity is in rule-making and licensing. Follow up task action plan being developed.
A-49	Pressurized Thermal Shock	Not identified as an USI	Schedule being being developed	Task Action Plan being developed.

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*Per NUREG-0606, Vol. 3 No. 1, Feb. 13, 1981.

**Per NUREG-0606, Vol. 3 No. 4, Nov. 16, 1981.

QUESTION 22 The Subcommittee understands that the Commission has recently completed a revision of its enforcement policy. Can you tell us what changes have resulted from the review and why you felt they were necessary?

ANSWER The fundamental basis of the revised policy remains the same as that articulated in the interim policy. That is, violations are categorized by severity level in accordance with guidance incorporated in the policy statement. Based on that severity level, the enforcement sanction to be applied is then determined. Depending on the nature of the licensed activity involved, the size of any base civil penalty that may be called for is then determined and adjusted upward or downward based on the circumstances of the specific case.

In spite of these basic similarities, substantial changes have been made in how the steps are accomplished and in clarifying the language used to present the policy. The most significant of these changes include: (1) reduction in the number of severity levels from six to five; (2) provisions that severity level III violations be considered for civil penalties, rather than usually assessing civil penalties for them; (3) elimination of civil penalties for violations identified, corrected and reported by licensees under certain conditions; (4) elimination of specific criteria for enforcement actions against licensed operators; (5) modification of the tone of presentation to avoid an unnecessarily adversarial character; (6) changes in the base civil penalty values to better differentiate among different types of licensees; (7) clarification of a number of passages and of several terms used in the policy; (8) addition of a new supplement containing guidance on miscellaneous matters, including violations involving material false statements, willful violations and reporting failures; and (9) combination of the supplements applicable to fuel cycle operation and materials activities into one supplement.

The following comments, section by section, indicate the changes and the reasons for the changes:

QUESTION 22 - SUPPLEMENT TO ANSWER

Revised Outline	Change	Reason
I. Introduction and Purpose	Word changes only.	
II. Statutory Authority and Procedural Framework A. Statutory Authority B. Procedural Framework	Outline changes and word changes.	
III. Severity of Violations	Number of severity levels reduced from six to five.	To more clearly reflect health and safety concerns and more guidance has been provided in expanded supplements.
	Seven activity areas are retained, however,, Materials and Fuel Cycle Operations have been combined and a new activity area "Miscellaneous" has been added.	The fuel cycle and materials areas are similar as to required guidance. The "miscellaneous area" is to provide guidance on matters such as material false statements, willful violations and reporting failures.
IV. Enforcement Actions A. Notice of Violation	Additional tests that must be met before Notices of Violation will not be issued: (2) it fits in Severity Level IV or V and (5) it was not a violation that could reasonably be expected to have been prevented by the licensee's corrective action for a previous violation.	This change incorporates past enforcement history into the decision.
	Elimination of specific criteria for enforcement actions against licensed operators.	Enforcement Actions for individuals should be tailored to the circumstance of the case.

QUESTION 22 - SUPPLEMENT TO ANSWER

Revised Outline	Change	Reason
IV. Enforcement Actions (cont'd) B. Civil Penalty	Civil penalties are considered and usually imposed for Severity Level III violations.	To provide flexibility to tailor enforcement actions to the specifics of the case.
	Elimination of civil penalties for violations identified, corrected and reported by licensees under certain conditions.	To give credit to comprehensive licensee programs for detection, correction and reporting of problems that may constitute or lead to, violations of regulatory requirements.
	Changes in base civil penalty values (Table 1).	To better differentiate among different types of licensees.
	Elimination of Footnote 17.	Experience showed this footnote to be confusing and that contributing violations should be assigned the severity level that they merit in their own right.
C. Orders	Essentially no change other than word changes.	
D. Escalation of Enforcement Sanctions	Table II made an Example.	This change preserves discretion.
E. Related Administrative Actions	"Related Administrative Actions" was entitled "D. Other Enforcement Actions," in Interim Policy.	
	Immediate Action Letters changed to "Confirmatory Action Letters."	
F. Referrals to Department of Justice	No change.	
V. Public Disclosure of Enforcement Actions	New section.	To indicate public availability for inspection of all enforcement actions,

QUESTION 22 - SUPPLEMENT TO ANSWER

Revised Outline	Change	Reason
V. Public Disclosure of Enforcement Actions (cont'd)		inspection reports and licensee responses and that press release are generally issued for civil penalties and orders.
VI. Responsibilities	Reference to the redelgation of some or all of the authorities to issue notices of violations, civil penalties or orders to the NRC Regional Administrators over the next several years.	
Supplements	Expanded guidance.	Past experience and clarity.

QUESTION 23. What progress has there been on the establishment of the Institute of Electrical and Electronic Engineers' Laboratory Accreditation Program? How will it be evaluated?

ANSWER.

The Institute of Electrical and Electronic Engineers, Inc. (IEEE) has completed the controlling program plan for conduct of the Test Organization Accreditation Program. Work is in progress developing the detailed procedures, selection and hiring of personnel and the establishment of appropriate IEEE committees to support implementation of the program. NRC representatives have been participating in the development of the IEEE program and procedures and in this manner have provided preliminary review and input into the plan.

A proposed rule referencing the IEEE program plan and requiring accreditation by the IEEE is currently in final review prior to issuance for public comment. Following receipt of public comments, the entire program will receive a full NRC staff evaluation including ACRS review. Necessary changes identified will be resolved with the IEEE prior to issuance of a final rule, currently scheduled for mid-summer. The effective date for the rule can be as early as January 1, 1983.

QUESTIONS 24 & 27: Are there areas of the Commission's research program where additional resources in FY 83 might provide substantial savings in subsequent fiscal years or probable immediate or long-term benefits for protection of public health, or safety? If so, please describe these areas, as well as an estimate of the resources necessary to accomplish each.

ANSWER:

Yes, there are areas, health effects, earth science, risk assessment and instrumentation which could provide additional benefits for the protection of the public health and safety with additional funding. It should be emphasized, however, that these areas are marginal efforts which were dropped as a result of overall agency funding reductions.

Area Descriptions and Resource Estimates

(1) Health Effects - Additional funding of $2M would allow the confirmation of recent findings which indicate the generally accepted estimates of projected health consequences from exposures to ionizing radiation on which current regulations are based are overly conservative. The long-term benefit of conducting this research could be less restrictive regulations.

Specific examples are: (1) to increase funding for research on health hazards from the release of radon from tailings at uranium mills, and (2) to restore funding to suspended research on the effects of internally deposited mixtures of radionuclides combined with external irradiation.

(2) Earth Sciences - The FY83 research program has been restricted by budget limitations to maintaining seismic networks that provide the basic seismologic data needs for licensing of nuclear facilities. Basic geologic research related to the mechanisms that generate earthquakes has been deferred. It will be necessary to complete that geologic research in order to better define the design basis earthquakes relevant to specific sites and to quantify the margins of safety for operating reactors.

(3) 2D/3D Program - The NRC is cooperating with Japan and W. Germany in a joint research program in which the NRC responsibilities are to provide code analysis assistance and instrumentation for the experimental programs.

Additional funding of $1M is needed in FY1983 in order to meet the USNRC commitment in a most cost-effective manner. If this additional funding is not available, we would have to delay our instrument delivery schedule.

This schedule slippage will increase the 2D/3D Program cost for the following reasons:

a. Manpower will be carried longer than the case where required funding is available.

b. Instruments may have to be fabricaated in small quantities for a longer period of time.

c. UPTF and SCTF schedules will be delayed as a result of delay in instrument delivery, which in turn will increase the cost of all participants.

(4) Instrumentation and Control - An additional $700K would accelerate research on the safety implications of control systems and the evaluation of plant electrical systems. Specifically this would speed work intended to contribute to solving Unresolved Safety Issues (1) A-17, System Interactions; (2) A-47, Safety Implications of Control Systems; and (3) A-49, Pressurized Thermal Shock. The benefits to safety would be based on an increased understanding of accident sequences outside the design basis envelope which have not been the subject of the systematic review as part of the licensing process.

(5) Risk Assessment - An additional $3M would accelerate the development of single failure criteria and methods for incorporating risk contributions into probabilistic analysis. This research would also contribute to the resolution of unresolved safety issues including (1) A-17 System Interactions, (2) A-45 Shutdown Decay Heat Removal, and (3) A-47 Safety Implication of Control Systems.

QUESTION 25. The Commission recently proposed for public comment the long-awaited safety goal. How does the Commission propose to implement the safety goal in the context of day-to-day rulemaking and licensing activities?

ANSWER.

The Commission stated in its "Proposed Policy Statement on Safety Goals For Nuclear Power Plants," that the goals and guidelines would be used by the NRC staff in conjuction with probabilistic risk assessments and would not substitute for NRC's reactor regulations in 10 CFR Chapter 1. Rather, individual licensing decisions would continue at present to be based principally on compliance with the Commission's regulations.

In addition, the Commission has requested the staff, simultaneous with obtaining public comment on the proposed policy statement on safety goals, to prepare for Commission review a step-by-step action plan describing how it intends to use the goals and numerical guidance within the regulatory process. The plan should indicate how the NRC staff plans to use the goals and guidelines in conjunction with probabilistic risk assessments. The Commission has also stated in its "Policy and Planning Guidance 1982 (NUREG-0885)," that qualitative safety goals and associated quantitative numerical guidance, when approved by the Commission, should be used in the evaluation of proposed and existing NRC reactor safety requirements.

QUESTION 26: The Advisory Committee on Reactor Safeguards, in its recent report to Congress on the Commission's fiscal year 1983 research budget, discusses several aspects of the research program and recommends three changes.

(a) First, the ACRS recommends a $3 million increase in funding for Systems and Reliability Analysis in order to support the Severe Accident Rulemaking and to move forward with design requirements for future standardized plants. Is the level of funding recommended by the Commission adequate, in your view, to support these two activities, and what are your views on this recommendation by the ACRS?

(b) Second, the ACRS recommends redirection of Accident Evaluation and Mitigation research to support the Severe Accident Rulemaking. In particular, the ACRS notes that "much of the program is composed of expensive experiments which are not focused on providing information necessary for regulatory decision making." Is this program properly focused and will it support the Commission's Severe Accident Rulemaking?

ANSWER:

(a) & (b)

The overall funding level for the combined areas of Systems and Reliability Analysis and Accident Evaluation and Mitigation, both of which support the Severe Accident Rulemaking, is believed to be adequate by the Office of Nuclear Regulatory Research. To address the balance of resources between areas and focus the overall research effort in support of the Commission's Severe Accident Rulemaking, a comprehensive plan is currently being drafted. This plan will be distributed for review and comment and published as NUREG-0900 upon completion. The intention is to focus the plan and the resulting program so that it is fully responsive to the needs of the Commission's Severe Accident Rulemaking and to consider and incorporate as appropriate all comments including those made by the ACRS.

QUESTION 26: The Advisory Committee on Reactor Safeguards, in its recent report to Congress on the Commission's fiscal year 1983 research budget, discusses several aspects of the research program and recommends three changes.

(c) Third, the ACRS recommends that the Commission initiate studies in the area of standardization in order to formulate a regulatory position on this subject. In particular, the ACRS notes two areas deserving of attention: definition of the term "standardization," and assessment of the optimum way to achieve improvements in safety and reliability through standardization. What efforts does the Commission have underway in this area, and what are your views on this recommendation by the ACRS?

ANSWER:

(c)

NRC has assumed that the nuclear industry has the responsibility for developing standardized plants. The NRC is currently reviewing the designs of two standardized plants which are referenced in current license applications. A Combustion Engineering design has just received a Safety Evaluation Report and, if current schedules are maintained, should receive Final Design Approval this summer. A General Electric final design has just been docketed.

A limited amount of research has been initiated relative to standardization. The process is viewed generally as a licensing issue. Limited research programs which support standardization are underway in the following areas:

a) Qualification of equipment - establishes requirements for qualification of replacement equipment in a standardized plant in the case where, the replacement is not identical to the original approved item.

b) Standardized Codes - to provide guidelines for preparing designs and performance codes for equipment and systems.

c) Development of standardized methods of analysis and design for use with standardized plants.

d) Decommissioning Standards - will allow the designs to take into account the requirements for disassembly at the end of life.

Currently NRC has no work underway to define the term "Standardization."

QUESTION 28. There were press reports this past weekend of a "low-level emergency" at Unit 2 of the Three Mile Island plant. Can you give us some additional information on this situation, as well as on the status of the TMI-2 plant? Also, is there now in place an NRC-approved plan for the cleanup of the damaged TMI-2 plant? Other than the financial problems of paying for the cleanup, are there obstacles to moving ahead expeditiously with the cleanup?

ANSWER.

During two manned entries into the TMI-2 reactor building on February 19, 1982 portable monitors and atmospheric analysis indicated the apparent presence of combustible gases and reduced oxygen levels in the building. NRC staff onsite and at headquarters were in direct communication with the licensee beginning at approximately 12:00 p.m. At 5:26 p.m. the licensee (General Public Utilities Nuclear) declared the lowest level of site emergency, an "unusual event," as covered by their emergency response procedures.

On February 20, 1982 during another reactor building entry beginning at 12:33 a.m., workers noted that their portable gas monitors alarmed and indicated abnormal readings simultaneously with radio transciever activation. Interference from these communication devices was determined to have caused the gas monitors to give erroneous readings and the "unusual event" was canceled at 2:04 a.m. on February 20, 1982. Follow-up sample analysis and monitoring has confirmed the absence of combustible gas and low oxygen concentrations in the reactor building.

Approximately three years have passed since the March 28, 1979 accident but only limited progress has been made in the cleanup of TMI-2. Within several weeks of the accident, the decontamination of the contaminated areas in the auxiliary and fuel handling buildings was initiated and, to date, approximately 70% of the area has been decontaminated. Other significant cleanup accomplishments include the purging of the contaminated atmosphere from the reactor building, the processing of accident related water which collected in the auxiliary and reactor buildings, and the shipment of some of the radioactive solid waste generated as a result of cleanup activities. To date, approximately 750,000 gallons of moderately contaminated water from the auxiliary building and 600,000 gallons of highly contaminated water from the reactor building have been processed. The reactor building has been purged of the 45,000 Ci inventory of Kr-85 which collected during the accident. Lastly, 22 low level waste resin liners generated as a result of accident water processing have been shipped to a commercial burial site for disposal.

While the cleanup activities completed to date represent a degree of progress toward total plant cleanup, a great deal of difficult work remains to be done. The remainder of the highly contaminated water in the reactor building (approximately 30,000 gallons) and 90,000 gallons in the reactor coolant system require processing. The balance of the contaminated floors and surfaces in the auxiliary building and the entirety of the reactor building have yet to be decontaminated, and the most difficult task ahead, the defueling of the damaged core, is not anticipated to be completed for at least several years. Following

Question 28 (continued)

defueling, the reactor coolant system surfaces will require decontamination. The processed accident generated water will require ultimate disposition and the higher level solid waste resulting from water processing and other decontamination activities will require offsite shipment to a commercial or Federal facility for disposal or research, as appropriate. Lastly, the damaged fuel assemblies and reactor vessel internals will require offsite disposition.

In March 1980 the NRC published its Programmatic Environmental Impact Statement (PEIS) relative to the TMI-2 cleanup. This statement examined alternative methods for carrying out major steps during the entire cleanup and evaluated the likely environmental impacts associated with these alternatives. The PEIS is intended to serve as the primary basis for NRC regulatory reviews of licensee proposals for each major cleanup step. The Commission has given the NRC staff the authority to approve proposals which are within the scope of the activities and impacts assessed in the PEIS.

The Three Mile Island Program Office in the Office of Nuclear Reactor Regulation has published its plan for carrying out NRC's regulatory responsibilities at TMI-2. The plan lists the major cleanup activities needed to complete the cleanup, identifies the NRC review process for licensee proposals and discusses NRC coordination both internally and with outside government agencies. A copy of this plan is attached.

A lack of financial resources is the fundamental restraint delaying progress toward completing the TMI-2 cleanup. Although the cleanup is a complex and large-scale undertaking the application of existing technology should enable GPUN to successfully decontaminate the plant.

The NRC, for its part, has given the TMI-2 cleanup efforts a high agency priority. Regulatory reviews are being performed on an expedited basis so as to not hinder cleanup process. The NRC has staff located onsite and at headquarters who are dedicated to carrying out the Commission's regulatory responsibilities promptly.

RESPONSES TO QUESTIONS FROM SENATOR GARY HART

QUESTION 29. On November 25, Congressman Ottinger, Dingell, and I sent you two letters--one classified, the other unclassified--asking detailed questions on the adequacy of international safeguards.

We requested a written response from you within a week. Three months later, we still have not gotten a response. What is taking you so long? When can we expect an answer?

ANSWER.

Attached is the March 2, 1982 response to your letter. The Commission also submitted a separate classified response.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

CHAIRMAN

March 2, 1982

The Honorable Gary Hart
Ranking Minority Member
Subcommittee on Nuclear Regulation
Committee on Environment and Public Works
United States Senate
Washington, D. C. 20510

Dear Senator Hart:

This responds to your letters of November 25 and 30, 1981 concerning IAEA safeguards. In those letters, you raised several questions. Our responses follow:

As we have stated on a number of occasions, the NRC receives little specific information about the application of international safeguards in particular countries or at specific facilities. We do, however, receive substantial amounts of information of a more general nature, including some information on the application of safeguards at some types of facilities. When we do receive more specific information, it is usually classified and provided through secure channels. This information is usually controlled by the originating agency and thus is not releasable, even on a classified basis, by the NRC without the consent of the originator. We receive some classified information in the form of briefings, and thus do not always receive the source documents but are informed of the substance of the information.

Through these means we have been made aware of classified information that is applicable to several of your questions, much of which we are not authorized to disseminate further; therefore, we cannot fully respond to your questions. Where possible the answers to the questions in the body of your letter of November 25, and restated in your letter of November 30, are attached. However, the answers to the questions regarding the effectiveness of IAEA safeguards can more properly be addressed by agencies of the Executive Branch. We have discussed this matter with the appropriate agencies, and they have indicated a willingness to respond to any inquiries you may have. Our answer to the question in enclosure 2 of the November 25 letter will be forwarded to you under separate cover.

While our information on international safeguards implementation is rather limited, we do have enough information to be concerned that the IAEA safeguards system would not detect a diversion in at least some types of facilities. In any case, the Commission believes that safeguards have improved in recent years and that efforts should be made to continue this improvement as rapidly as possible. To the extent that our resources permit, the Commission is prepared to assist the Executive Branch in strengthening IAEA safeguards.

We have informed the appropriate Executive Branch agencies of this letter and their comments regarding factual accuracy and classification have been reflected. Commissioner Gilinsky adds that this includes the deletion of one question.

Commissioner Bradford did not participate in this letter. While he sympathizes with the Commission's desire to make as much information as possible available to the public, he feels that the questions cannot be adequately responded to in an unclassified letter. His responses will be transmitted in a separate classified document.

Sincerely,

Nunzio J Palladino

Nunzio J. Palladino

Enclosure:
Responses to Questions

cc: Senator Alan Simpson

ANSWERS TO QUESTIONS IN CONGRESSMAN DINGELL'S LETTER AND ENCLOSURE OF NOVEMBER 25, 1981

Question: "Are international safeguards adequate to detect the diversion of nuclear equipment or material?"

Answer: As we noted above and in our letter of November 27th to you and other members of Congress, the Commission has concerns about the adequacy of IAEA safeguards. We cannot give you a meaningful overall judgment because such a judgment about adequacy would require information about specific materials, facilities, personnel, and equipment as well as the proliferation risks of particular nations. A more extensive discussion of this issue is provided below in response to your fifth question.

Although this question appears simple, it is, in fact, complex because the answer depends on underlying assumptions, standards, and expectations.

Commissioner Gilinsky's response is that international safeguards are not adequate.

Question: "Does the NRC believe that if a diversion were detected, such diversions would be reported promptly to the Board of Governors and the member states of the IAEA so that the member states would have time to react? Does the NRC have any evidence indicating reporting problems to the Board of Governors or from the IAEA to its member states?"

Answer: As our November 27th letter indicated, we are not confident that the member states of the IAEA would be notified of a diversion in a timely manner. This is not to suggest that we believe a clear diversion would be covered up by IAEA officials. However, most situations will be quite ambiguous even after investigation, and the IAEA process for determining whether or not a diversion has occurred may be time-consuming. The Commission has believed for several years that more information should be reported to the Board of Governors.

Question: "Does the NRC explicitly consider the adequacy of international safeguards in export licensing decisions (not just physical security)? If not, why not?"

Answer: As stated in the Commission's testimony, given by Commissioner Gilinsky, before the Senate Foreign Relations Committee on December 2nd, the Commissioners "are unanimous that available information bearing on the adequacy of . . . safeguards in specific export cases must be taken into account." However, "the Commissioners are not of one mind on the legal basis for inquiring into the adequacy of IAEA safeguards . . . ."

Commissioner Ahearne's additional views relating to this question are attached.

Question: "Please evaluate the overall effectiveness of international safeguards. In particular, evaluate the effectiveness of international safeguards as applied to:

(1) source material;

(2) fabrication of highly-enriched uranium and plutonium;

(3) research reactors;

(4) power reactors;

(5) spent fuel;

(6) transportation of each type of nuclear material;

(7) reprocessing of spent reactor fuel; and

(8) separated plutonium."

Answer: With respect to particular types of materials and facilities enumerated in your letter:

(1) IAEA safeguards under the Non-Proliferation Treaty are applied to source material when it is of a composition and purity suitable for fuel fabrication or enrichment, but not to uranium ore or "yellowcake." When source material is refined and converted to a form subject to safeguards, it is subject to the same safeguards applied to low-enriched uranium. Subject to the availability of resources, source material can be safeguarded effectively.

(2) Highly-enriched uranium and separated plutonium can be inspected. However, because they can be transformed readily into weapons, we cannot count reliably on inspection alone to provide warning of diversion of HEU and separated plutonium in time to prevent weapons assembly if the necessary preparatory work has been done.

Commissioner Ahearne notes that the necessary preparatory work includes design of the weapon and fabrication of all components of the device. These tasks are very difficult and require a group which is highly sophisticated technically.

(3) Research reactors range from very small reactors, sometimes fueled with low-enriched uranium, to very large reactors capable of producing substantial quantities of plutonium in a relatively short period of time, and sometimes fueled with HEU or with large amounts of natural uranium. The majority of research reactors are small and not difficult to safeguard effectively. Safeguards at large research reactors are often more complicated because these reactors can be used to make weapons quantities of plutonium and because research usually involves frequent activities in and around the core. The Department of Energy's Reduced Enrichment for Research and Test Reactors (RERTR) program is important in eliminating one of the two basic proliferation concerns associated with these large reactors, i.e., that of diverting fresh fuel.

(4) Most power reactors are either of two basic types: light water reactors that are refueled roughly once a year while shut down, and (usually) heavy water reactors that are refueled almost daily while operating. LWR's are among the most easily safeguarded of all nuclear facilities. On-line refueled reactors present technical safeguards problems that are more difficult to solve than for light water reactors. However, technical measures are being developed to solve these problems, although they may be costly and/or highly dependent on equipment reliability.

(5) Spent fuel stored as fuel elements can be accounted for item by item, if there is continuity of knowledge, and does not present particularly difficult safeguards problems.

(6) The transportation of nuclear material does not create any particular technical safeguards difficulties beyond those otherwise associated with the kind of material involved. The ability of the IAEA to account for nuclear material transferred from one country to another needs improvement. The IAEA recognizes this need and has recently held a consultants meeting on this matter.

(7) Inspection of large-scale reprocessing plants presents a number of particularly difficult technical problems. While progress is being made, it is clear that significant problems will remain for the foreseeable future. Because of the plutonium present in reprocessing plants, please also refer to our answer to (2) above.

(8) Please refer to our answer to (2) above.

Although you did not raise the question of enrichment plants, these raise difficult issues for effective safeguards. These are being addressed in an international study group.

Question: "Given the above evaluation, should the NRC continue to rely on the IAEA safeguards system in licensing exports from the U. S. of nuclear materials and equipment?"

Answer: We recognize the shortcomings of the IAEA system. However, the NRC has never placed sole reliance on the IAEA safeguards system in licensing nuclear exports. The NRC's evaluation of IAEA safeguards effectiveness, stated in the November 27th letter, raises questions for us about the exercise of our export licensing responsibilities. As that letter further states, the Commission is reviewing its responsibilities under the Atomic Energy Act of 1954, as amended, for the licensing of nuclear exports in light of our concerns, and we will inform you of our conclusions. However, as suggested by Commissioner Gilinsky in his response to a question during the December 3rd Senate Foreign Relations Committee hearings, we do not expect that there will be a change in export approvals for our principal nuclear trading partners.

Commissioner Ahearne's additional views relating to this question are attached.

Commissioner Ahearne provided the following additional views:

It should be recognized that the nature of NRC's assessment of safeguards for exports has involved substantial controversy. In part, the difficulty stems from lack of clear guidance from Congress, and in part, because a regulatory agency which is used to obtaining and assessing detailed information has difficulty in making subjective judgments based on sketchy information.

Prior to passage of the Nuclear Non-Proliferation Act, the Commission informed Congress that it had difficulty reaching conclusions on the adequacy of safeguards for exports:

> "The Commission wishes to reiterate that it does not receive sufficient country-specific safeguards information to allow it to make an independent assessment of the adequacy or effectiveness of safeguards implementation in a country for which an export license is being requested. It, therefore, is faced with making such licensing decisions on the basis of other factors noted previously and its general view of safeguards. The Commission's staff has noted its inability on the basis of available information to provide such independent safeguards assessments and has asked for Commission guidance as to the course it should follow in these circumstances." 1/

Although there was some discussion during debates on the NNPA, Congress provided no clear guidance. As Senator McClure put it, "The bill does require NRC to make their own assessment [of the adequacy of safeguards]. The question, I guess, boils down to what is an independent assessment." 2/ Senator Percy closed the primary discussion of this issue by stating: "[T]his legislation is not intended to prejudge the current debate as to the information which the United States should seek to obtain with respect to the adequacy of IAEA safeguards on U.S. exports or as to the roles which the various interested agencies should perform in the process." 3/

1/ Letters from NRC Chairman Hendrie to Senator Sparkman and Representative Zablocki (February 2, 1978).

2/ Congressional Record (Daily Edition) S.1464 (February 7, 1978).

3/ *Id.*

As we have told Congress, safeguards assessment continues to be a problem:

> "In general, as indicated in these documents, while both the Commission and the Executive Branch consider the effectiveness of international safeguards to be an important element of the export licensing process, the NRC staff continues to believe that it does not currently receive sufficiently specific information to permit it to reach a conclusion as to the effectiveness of IAEA safeguards in countries receiving U.S. nuclear exports without some reliance on the Executive Branch and IAEA's own conclusions regarding safeguards." 4/

It is unlikely that the NRC and Executive Branch will be able to resolve the difficulties. Because of international sensitivities, there are clear constraints in obtaining detailed information about safeguards in other countries. This creates problems because of the regulatory nature of the NRC:

> "In reviewing domestic licenses, the NRC staff is able to obtain detailed information to evaluate. Based on this information, it is able to reach conclusions concerning the adequacy of safeguards at particular facilities. However, as mentioned previously, there is little specific information on international safeguards available to assess. Consequently, the NRC staff is unable to perform the types of reviews and reach the same types of conclusions in the international area that they do in the domestic area." 5/

There is little prospect that the situation will change because of the inherent nature of the problems.

These practical limitations have led to a difference of views within the NRC and between the NRC and the Executive Branch on the nature of the finding required under the safeguards criterion in Section 127 of the NNPA. This situation was described in a recent GAO report to Congress. 6/ It led GAO to recommend that Congress "clarify to what extent the effectiveness of international safeguards should be considered by the Nuclear Regulatory Commission in export licensing." 7/

4/ Letter from NRC Chairman Ahearne to Senator Glenn (March 7, 1980).

5/ *Id.*

6/ General Accounting Office, "The Nuclear Non-Proliferation Act of 1978 Should Be Selectively Modified," OCG-81-2 (May 21, 1981).

7/ *Id.* at xiii.

QUESTION 30. On November 27, you sent a letter to Congress stating, "The NRC is concerned that the IAEA safeguards system would not detect a diversion in at least some types of facilities. In addition, we are not confident that the member states would be notified of a diversion in a timely fashion." The letter also said the NRC is "reviewing" its responsibilities under the Atomic Energy Act for the licensing of these exports "in the light of these concerns and will inform you of our conclusions." Three months later, what are your conclusions?

ANSWER.

The results of the Commission's review of its responsibilities under the Atomic Energy Act of 1954 are set forth in the Chairman's March 18, 1982 letter to the Chairmen and Ranking Minority Members of various congressional committees and subcommittees. A copy of this letter is attached.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

CHAIRMAN

March 18, 1982

The Honorable Alan Simpson, Chairman
Subcommittee on Nuclear Regulation
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In my November 27, 1981 letter to you regarding the Commission's assessment of International Atomic Energy Agency (IAEA) safeguards, I stated that we were reviewing our responsibilities under the Atomic Energy Act of 1954, as amended, for the licensing of nuclear exports in light of concerns expressed in that letter, and that I would inform you of the Commission's conclusions. It is for this reason that I am writing you now.

Before I describe the Commission's decision with respect to future export license reviews, I would like to clarify for the record the Basis on which the Commission has to date issued export licenses.

-- While the NRC places considerable reliance on the IAEA safeguards system in licensing nuclear exports, this reliance is supplemented by other means.

-- In making the finding that "safeguards...will be applied" under the Nuclear Non-Proliferation Act (NNPA), the Commission requires assurance that the export will be subject to a safeguards agreement with the IAEA. However, because of current confidentiality requirements and international sensitivities, rarely do we have much specific information from IAEA regarding the application of safeguards in the subject country or at the subject facility. We do, however, receive substantial amounts of information of a more general nature, including some information on the application of safeguards at some types of facilities.

-- In making the more general finding that the export will not be inimical to the common defense and security of the U.S., many factors are taken into account. In addition to the considerations reflected in the NNPA

> export criteria, these factors include our judgment of the proliferation aspects of the export based on all the information available to us from various sources, and any information about the application of safeguards in the recipient country.

As a result of the Commission's internal review, we have determined that the procedures we have been using for the past year should be continued. Thus, for exports raising no significant proliferation concerns, particularly to those countries with which we have long-standing trade or mutual security arrangements, we will continue to consider individual export license applications using the standard staff review. We anticipate that this mode of operation would apply to the majority of export cases that come before us.

For exports in which significant proliferation concerns do arise, particularly in cases that involve sensitive facilities or facilities that present special technical safeguards problems, we will continue to give each export license application additional scrutiny. These applications are often referred to the Commissioners even though they may fall within the staff's delegation of authority and are subject to more extensive staff review, including frequent consultation with appropriate Executive Branch agencies regarding safeguards and all other facts potentially relevant to the Commission's required statutory findings.

We therefore are directing the NRC staff to:

-- Meet with the Executive Branch at the senior staff level on a regular and frequent basis to be briefed on current issues which may affect NRC's consideration of export license applications. This would supplement the Commission's periodic meetings with the Executive Branch;

-- Keep the Executive Branch informed of NRC's interest in all information bearing on the proliferation aspects of particular exports early in the license review process;

-- Consult, in the final stage of its review of export cases of concern, with agencies of the Executive Branch to ensure that no new information has developed, including that from sources not routinely provided to NRC, since previous Executive Branch views were provided; and

-- Refer to the Commission any export license application which raises inimicality questions, even though the export may be within the staff's authority to license under approved delegations of authority.

While we have been doing most of these things up to now, we expect special staff attention to safeguards and other factors, and we encourage greater staff consultation with Executive Branch agencies both on a regular basis and regarding certain export cases to assure that we are aware of all available information.

Review of export applications will continue to rely on Executive Branch information about the proliferation intentions and capabilities of the proposed recipients and assessments of such factors as application of safeguards and the status of development of the recipient country's nuclear programs.

In addition, the Commission, working principally through the newly revitalized Interagency Steering Group on International Safeguards, will continue to strongly support renewed U.S. efforts to improve international safeguards, particularly with respect to new initiatives to address those problems identified in information available to the Commission.

Commissioner Bradford feels that the current shortcomings at the International Atomic Energy Agency have more drastic implications for NRC export licensing than the Commission letter indicates. He believes that Criterion One does require the NRC to consider safeguards adequacy, at least to the extent that it may not find the criterion met if it knows the safeguards in the recipient country to be likely to be ineffectual. He believes that the presence of IAEA safeguards has supported a presumption of adequacy which satisfied Criterion One, but the shortcomings alluded to in the Commission's November letter are serious enough to undermine that presumption.

In his view, all exports to on-line refueled heavy water reactors and all exports that will result in reprocessed plutonium that the U.S. will allow to be transferred to or remain in a non-weapons state do not satisfy Criterion One. Because there is not reasonable assurance that they will effectively be safeguarded, Commissioner Bradford feels that the NRC cannot find that safeguards apply to them. Consequently, in his view, approval of such exports can only come from the President under the framework provided by the Nuclear Non-Proliferation Act.

We have informed the appropriate Executive Branch agencies of this letter and their comments regarding factual accuracy and classification have been considered.

Sincerely,

Nunzio J Palladino

Nunzio J. Palladino

cc: Sen. Gary Hart

QUESTION 31. Is the NRC currently required to consider the adequacy of safeguards in its export licensing determinations? Please explain.

ANSWER.

As stated before the Senate Foreign Relations Committee on December 2, 1981 and repeated in a March 2, 1982 letter to Senator Hart, the Commissioners "are unanimous that available information bearing on the adequacy of . . . safeguards in specific export cases must be taken into account." However, "the Commissioners are not of one mind on the legal basis for inquiring into the adequacy of IAEA safeguards . . .".

Commissioner Gilinsky's Response:

In my view, Section 127 of the Atomic Energy Act conditions nuclear exports on the application of IAEA safeguards. As a general matter, there is a presumption that IAEA safeguards are being applied effectively. However, the Commission must take adverse information about the effectiveness of safeguards into account in evaluating exports.

Commissioner Ahearne's additional views on this subject are attached.

It should be recognized that the nature of NRC's assessment of safeguards for exports has involved substantial controversy. In part, the difficulty stems from lack of clear guidance from Congress, and in part, because a regulatory agency which is used to obtaining and assessing detailed information has difficulty in making subjective judgments based on sketchy information.

Prior to passage of the Nuclear Non-Proliferation Act, the Commission informed Congress that it had difficulty reaching conclusions on the adequacy of safeguards for exports:

> "The Commission wishes to reiterate that it does not receive sufficient country-specific safeguards information to allow it to make an independent assessment of the adequacy or effectiveness of safeguards implementation in a country for which an export license is being requested. It, therefore, is faced with making such licensing decisions on the basis of other factors noted previously and its general view of safeguards. The Commission's staff has noted its inability on the basis of available information to provide such independent safeguards assessments and has asked for Commission guidance as to the course it should follow in these circumstances." 1/

Although there was some discussion during debates on the NNPA, Congress provided no clear guidance. As Senator McClure put it, "The bill does require NRC to make their own assessment [of the adequacy of safeguards]. The question, I guess, boils down to what is an independent assessment." 2/ Senator Percy closed the primary discussion of this issue by stating: "[T]his legislation is not intended to prejudge the current debate as to the information which the United States should seek to obtain with respect to the adequacy of IAEA safeguards on U.S. exports or as to the roles which the various interested agencies should perform in the process." 3/

1/ Letters from NRC Chairman Hendrie to Senator Sparkman and Representative Zablocki (February 2, 1978).

2/ Congressional Record (Daily Edition) S.1464 (February 7, 1978).

3/ Id.

As we have told Congress, safeguards assessment continues to be a problem:

> "In general, as indicated in these documents, while both the Commission and the Executive Branch consider the effectiveness of international safeguards to be an important element of the export licensing process, the NRC staff continues to believe that it does not currently receive sufficiently specific information to permit it to reach a conclusion as to the effectiveness of IAEA safeguards in countries receiving U.S. nuclear exports without some reliance on the Executive Branch and IAEA's own conclusions regarding safeguards." 4/

It is unlikely that the NRC and Executive Branch will be able to resolve the difficulties. Because of international sensitivities, there are clear constraints in obtaining detailed information about safeguards in other countries. This creates problems because of the regulatory nature of the NRC:

> "In reviewing domestic licenses, the NRC staff is able to obtain detailed information to evaluate. Based on this information, it is able to reach conclusions concerning the adequacy of safeguards at particular facilities. However, as mentioned previously, there is little specific information on international safeguards available to assess. Consequently, the NRC staff is unable to perform the types of reviews and reach the same types of conclusions in the international area that they do in the domestic area." 5/

There is little prospect that the situation will change because of the inherent nature of the problems.

These practical limitations have led to a difference of views within the NRC and between the NRC and the Executive Branch on the nature of the finding required under the safeguards criterion in Section 127 of the NNPA. This situation was described in a recent GAO report to Congress. 6/ It led GAO to recommend that Congress "clarify to what extent the effectiveness of international safeguards should be considered by the Nuclear Regulatory Commission in export licensing." 7/

4/ Letter from NRC Chairman Ahearne to Senator Glenn (March 7, 1980).

5/ *Id.*

6/ General Accounting Office, "The Nuclear Non-Proliferation Act of 1978 Should Be Selectively Modified," OCG-81-2 (May 21, 1981).

7/ *Id.* at xiii.

Question 32. I understand the Administration was rather unhappy about the NRC's November 27 letter questioning the adequacy of safeguards. In particular, I understand that Richard Kennedy, Under Secretary of State for Management, invited Chairman Palladino into his office to express his displeasure with the NRC letter to Congress.

Is that true? Please summarize the discussion between Chairman Palladino and Under Secretary Kennedy.

Please tell us about any other contacts between the NRC and the Administration on this issue.

Does this kind of "pressure" from the Administration tend to influence your policy-making on nonproliferation-related issues?

Does it compromise the independence of the NRC? Please explain.

Answer:

It is certainly true that members of the Executive Branch were concerned about our November 27, 1981 letter. My initial understanding was that this concern was based on two factors:

-- NRC was being critical of IAEA safeguards, the only international safeguards system that exists, without providing constructive fixes or an alternative; and

-- NRC had failed to inform the Executive Branch before sending the letter, thus surprising key officials who had to deal directly with representatives of foreign governments.

After I became aware of these concerns, I called Under Secretary Kennedy. We arranged to meet on December 9, 1981. In that meeting, both of the above points were discussed. In addition, he expressed concern that some foreign governments may be interpreting our letter as an indication that no further nuclear exports would be forthcoming. Mr. Kennedy also felt it was important that we clarify what the letter really meant (i.e., that it was not really a signal that exports would be stopped).

We both agreed that it would be very useful if, in the future, we keep each other better informed. We also agreed that there was great merit in working on ways to improve IAEA safeguards, and that this objective would be pursued in interagency meetings involving staffs of Executive Branch agencies as well as the NRC.

On the general issue of our November 27 letter, I met on December 7 with the Deputy Secretary of DOE, Mr. Ken Davis, who suggested ways to begin a process of improving IAEA safeguards. I met on January 4 with the Director of ACDA, Mr. Eugene Rostow. As a followup, I also met with senior officials from DOE, State, and ACDA on January 5 to discuss interagency approaches to improving IAEA safeguards.

In addition to my meetings, members of the Executive Branch met with me and the other Commissioners at "H" Street on December 15, 1981 and commented on the November 27 letter. A complete listing of all contacts between members of the NRC and the Executive Branch on matters associated with our November 27 letter would be difficult to develop. However, the meetings described above appear to be the major ones.

I do not believe our contacts with the Executive Branch influence our policy decisions in an adverse way, or compromise our independence. Given the interrelationships established by the law, I believe it is sound practice for NRC to stay in touch with Congress and the Executive Branch on foreign policy and national security matters. For example, I think NRC would be less effective in its proper role if it ignored Executive Branch opinion on the foreign policy aspects of international safeguards. We must also give consideration to Executive Branch expert views on classification of national security information. However, it is essential that we maintain a proper degree of independence throughout our contacts with the Executive Branch. Specifically, it would be improper for us to come to view ourselves as generally subordinate to or bound by the views of the Executive Branch on non-proliferation matters.

QUESTION 33. I also understand that as a result of his meeting with Under Secretary Kennedy, Chairman Palladino directed the Executive Director for Operations to draft another letter to Congress on the adequacy of safeguards. Is that true? What was the letter to say? Will it be sent to Congress?

ANSWER.

No such letter to Congress was originated as a result of the Chairman's meeting with Under Secretary Kennedy; however, the Department of State's comments were taken into consideration in drafting the Chairman's letter of March 18, 1982, which is referenced in our answer to question 30 above.

Commissioner Gilinsky's Response:

I am concerned that recently the Commission has tended to go beyond the normal courtesies of inter-agency relations in checking its statements with the Department of State. The NRC is an independent regulatory agency and, as such, has a statutory duty to exercise its judgement independently of the Executive Branch. If the Commission were to clear its views on the adequacy of safeguards with the Department of State prior to transmitting them to Congress, it would undermine the basic structure of the law.

QUESTION 34. Did any specific incidents trigger the NRC's November 27 letter to Congress on the adequacy of safeguards? If so, please discuss.

ANSWER.

The Commission's concern which was expressed in the Chairman's November 27 letter to Congress was not "triggered" by any particular incident but resulted from an accumulation of information which had been received over the several months preceding the letter.

QUESTION 35. What are the specific grounds upon which the NRC and other agencies withhold information about the adequacy of international safeguards?

Answer

Most information generated by the NRC or received by the NRC regarding the adequacy of international safeguards is classified national security information, the unauthorized disclosure of which could be expected to cause at least identifiable damage to the national security. The NRC protects such information pursuant to Executive Order 12065 which requires the Commission to establish controls "...to ensure that classified information is used, processed, stored, reproduced, and transmitted only under conditions that will provide adequate protection and prevent access by unauthorized persons (subsection 4-103)."

Additionally, the specific grounds for protection of information about the adequacy of international safeguards within the NRC are determined, to a large degree, by the source of that information. Subsection 1-301 of Executive Order 12065 provides for the protection of information received from foreign governments, companies, and organizations, as well as other types of information. Classified information received from other U.S. Government agencies is protected pursuant to "the third agency rule;" that is, the NRC is obligated to obtain the authorization of the originating agency before providing such information to a third party.

These are the bases upon which the NRC protects and controls access to information on the adequacy of international safeguards which is classified as national security information.

Commissioner Gilinsky's Response:

I would add that a substantial part of the information NRC receives, such as the SIR, comes from the IAEA. It has been the State Department's practice to treat this information as classified. A great deal of this information is labeled "Restricted Distribution" by the IAEA, rather than the more restrictive "Safeguards Confidential". I understand the "Restricted Distribution" designation to be analogous to "Limited Official Use" rather than to any of the classification categories employed by the United States. Such information should not be treated as classified information.

QUESTION 36. Doesn't it jeopardize the national security when the public does not understand fully that safeguards may not detect diversions of nuclear material for making weapons?

ANSWER

It is the opinion of the Commission that those persons in the Federal Government who have primary responsibility for protecting the national security are fully informed of the accomplishments of, and the additional improvements needed in, the application of international safeguards. It is also the impression of the Commission that the several recent Congressional hearings on this subject, in addition to the Commission's recent correspondence with the Congress, and public statements by the Director General of the IAEA, have served to make a considerable amount of such information available in the public domain. The Commission believes that the available information is sufficient for the informed public to adequately judge the status of the existing concerns regarding the implementation of IAEA safeguards.

It is the Commission's view that the national security interests of the U.S. have not been adversely affected by the withholding of additional information from the general public. With regard to its own obligations, the Commission has attempted to keep the Congress fully and currently informed as required by the Atomic Energy Act of 1954, as amended.

Commissioner Gilinsky's Response:

Yes, indeed.

RESPONSES TO QUESTIONS FROM SENATOR GEORGE MITCHELL

QUESTION 37. Pressurized thermal shock.
In September 1981 the Commission named 13 reactors which face serious problems due to embrittlement, or pressurized thermal shock. The NRC required 8 of these plants to submit both 60-day and 150-day reports on "actions and schedules for resolution of this issue and analyses supporting continued operation."

(A). Were all of the reports, both 60-day and 150-day, submitted on schedule, and in a satisfactory manner?

ANSWER.

The eight licensees that were requested to provide information on pressurized thermal shock were selected to obtain representative analyses of the problem for each of the three pressurized water reactor vendor types (Westinghouse, Combustion Engineering, and Babcock & Wilcox). Our letter to the licensees was transmitted August 21, 1981. The dates of the licensee responses (Table 1) and their manner of submittal were generally satisfactory.

Based upon our review of the 60-day responses, we identified the need for additional information, which each licensee was requested provide in its 150-day response. All of the 150-day responses have been received with the exception of the Three Mile Island, Unit 1, facility. Our review of these responses is ongoing, and we have not yet made determinations concerning the technical adequacy of the information provided.

The delayed response for Three Mile Island, Unit 1, is due in part to an attempt by the licensee to improve upon the analysis which was performed initially for the Oconee 1 facility. The licensee has scheduled its response for June 1982.

(B). How, briefly, do the operators of the Maine Yankee plant plan to deal with the plant's brittleness problems?

ANSWER.

In response to the NRC's concerns, the licensee has provided instructions to the plant operators (within applicable operating procedures) to limit reactor vessel repressurization caused by an overcooling transient that results in high pressure safety injection (HPSI) system operation. This repressurization is to be controlled by stopping of one of the two operating HPSI pumps and/or throttling flow of the pumps. Operators have been instructed to maintain reactor system temperature and pressure during this process, should it occur, within specified limits that assure adequate cooling of the core while not approaching brittle fracture limits for the pressure vessel.

For long term operation, the licensee has plans for implementing a revised fuel loading pattern that will reduce the rate of neutron embrittlement of the vessel and to increase the temperature of the emergency core cooling water. These plans will be implemented during the plant's next refueling cycle.

QUESTION 37 (C). What actions have been taken by the Commission to safely and effectively find a "resolution for this issue"?

ANSWER

The NRC program that addresses the pressurized thermal shock (PTS) unresolved safety issue (Task A-49) is designed to formulate a regulatory requirement to ensure that the risk of pressure vessel failure from PTS events is sufficiently low through each vessel's design end-of-life. The program that will be conducted to provide firm bases for such a regulatory requirement includes: development of methods for estimating the probability and severity of PTS transients and the operator's role in such events; refinement of methods for determining pressure vessel stresses in the event PTS transients do occur; refinement of methods for determining material properties and failure vulnerability of the vessel due to PTS stresses as a function of vessel exposure to neutron irradiation (and stresses as a function of time in plant life); evaluation of potential benefits from proposed corrective actions; and development of criteria for acceptability of plant safety margins under postulated PTS events. The PTS program is divided into short-term and long-term efforts.

Short-Term PTS Program:

By letter dated December 31, 1981, the Combustion Engineering Owners Group provided the generic report CEN-198, "Evaluation of Pressurized Thermal Shock Effects Due to Small Break LOCA's with loss of Feedwater for Combustion Engineering NSSS," December 1981. By letter dated December 30, 1981, the Westinghouse Owners Group provided the generic report WCAP-10019, "Summary Report on Reactor Vessel Integrity for Westinghouse Operating Plants".

By Summer 1982, the staff will provide to the Commission a reassessment of the PTS issue which will determine whether an immediate PTS concern exists at any plant, and which will provide a plan for corrective actions if any are needed.

The scope of the review of the licensee's responses and the generic reports will include an assessment of: (1) the reactor vessel materials properties, (2) the severe overcooling transients and their probabilities, and (3) the desirability of performing the various potential corrective actions for short term acceptability of continued operation and/or the time allowed for continued operation before such corrective actions should be required.

Long-Term PTS Program:

An integrated program will be conducted by the NRC with input from industry. Throughout the program, NRC will obtain and utilize the advice of consultants who are competent in the various technical disciplines relevant to this program. The NRC will work closely with the ACRS and its consultants.

Question 37 (C) (continued)

The NRC program consists of the following major sub-tasks.

(1) Selection of PTS transients to be analyzed based on systems studies, human factors studies, and probabilistic and risk assessment analyses for three lead plants.

(2) Selection, model improvement and verification of transient codes for use in calculation of the selected transients.

(3) Calculation of the pressure versus time and the temperature versus time of the water in contact with critical welds or base metal in the pressure vessel, for the selected PTS transients (using the selected and verified codes).

(4) Improvement of a state-of-the-art fracture mechanics code to predict stresses and therefore crack initiation, propagation, and arrest for given pressure-temperature histories at critical welds or base material. This will include input from near term fracture mechanics experiments performed by the Heavy Section Steel Technology (HSST) group at ORNL.

(5) Calculation of failure potential versus irradiation embrittlement (i.e., neutron fluence from the operating history) of the pressure vessel at the three lead plants for the selected PTS events using the pressure and temperature versus time histories from item (3) as input of the item (4) codes.

(6) Performance of sensitivity studies to determine changes in predicted vessel failure probability due to uncertainties such as copper content of the weld, initial crack size, lowest temperature, etc.

(7) Development of an understanding regarding feasibility of and benefits to be derived from various proposed corrective actions, including revised fuel loading patterns to reduce fast neutron flux at the vessel wall, increased temperature of safety injection water, improved control and instrumentation systems and/or operator actions to prevent repressurization, and vessel annealing.

(8) Development and publication of a NUREG report recommending a regulatory position regarding PTS including appropriate limits (if any) that must be observed at specific classes of plants, and potential corrective action.

Each of the above items constitute a major sub-task. More details on each sub-task, milestone schedule, and resource commitments will be included in a Task Action Plan for USI Task A-49, to be completed by March 31, 1982. The current estimate is that the program will be completed by May 1983.

TABLE I

LICENSEE RESPONSES TO PRESSURIZED THERMAL SHOCK LETTER OF AUGUST 21, 1981

LICENSEE	PLANT	DATE OF 60 DAY RESPONSE	DATE OF 150 DAY RESPONSE
Omaha Public Power District	Ft. Calhoun	October 20, 1981	January 18, 1982
Baltimore Gas & Electric Co.	Calvert Cliffs 1	October 20, 1981	January 28, 1982 January 21, 1982
Maine Yankee Atomic Power Company	Maine Yankee	November 2, 1981	January 21, 1982
Florida Power and Light Company	Turkey Point 4	October 21, 1981	January 21, 1982
Carolina Power and Light Company	Robinson 2	October 26, 1981	January 25, 1982
Southern California Edison Company	San Onofre 1	October 23, 1981	January 25, 1982
Duke Power Company	Oconee 1	October 20, 1981	January 15, 1982
General Public Utilities Nuclear	Three Mile Island 1	October 23, 1981 & November 2, 1981	Not Received

Attachment
Question 37

QUESTION. 38(A). What further studies have been conducted and what additional findings have been made since the accident, caused by a dropped light bulb, at the Rancho Seco nuclear power plant in Clay Station, California?

ANSWER

The March 20, 1978, event at Rancho Seco indicated that a control system failure could lead to a plant transient resulting in automatic actuation of safety systems and a violation of plant technical specifications. The event involved an electrical short in a control console when a light bulb in the console was being replaced by an operator. The short resulted in erroneous signals to various plant indicators as well as to the control system used to coordinate the reactor power, steam generator flow, and turbine output power. The erroneous signals to the control system caused the plant transient and the transient resulted in several safety systems being automatically actuated. The transient also caused violation of a plant technical specification delineating limits on permissible reactor coolant pressure and temperature combinations and rate of change of reactor coolant temperature.

Since that event at Rancho Seco, a Babcock and Wilcox design, the NRC staff has conducted additional studies on instrumentation and control systems. A description of these studies follows.

Integrated Control System Reliability Analysis

As a result of the subsequent accident at Three Mile Island, Unit 2 (TMI-2), the NRC issued orders requiring licensees with Babcock and Wilcox (B&W) reactors to submit failure mode and effect analyses (FEMA) of their integrated control systems (ICS) as soon as practicable. The staff's review of the licensee's ICS Reliability Analysis is complete. This included a review of the plant modifications suggested by the analysis. The conclusions were that the control system designs on B&W plants meet all current regulatory requirements, and no control system failures or actions that will lead to unacceptable consequences were identified.

(IE) Bulletin 79-27

The Office of Inspection and Enforcement (IE) Bulletin 79-27, "Loss of Non-Class IE Instrumentation and Control Power System Bus During Operation" was issued as a result of an event at Oconee 3 on November 10, 1979, where power was lost to a non-vital panel that supplied the instrumentation and control (I&C) system. This study proceeded concurrently with the ICS to have licensees analyze their plants and procedures regarding safety and non-safety buses supplying power to safety and non-safety instrumentation and control systems which could affect the ability to achieve a cold shutdown. The licensee submittals have received a preliminary review by the NRC staff and appear to be in conformance with acceptable design practice. The NRC is planning individual discussions with applicants and licensees not conforming to these design practices. This review is scheduled for completion by September 30, 1982.

Question 38 (A) (continued)

Crystal River 3 Event

As a result of an event at Crystal River on February 26, 1980, involving loss of a significant amount of control room information, the NRC issued letters to all B&W reactor licensees on March 6, 1980 to request information in six areas: (1) summarize power event upsets on I&C systems that have occurred, (2) address the susceptibility of each B&W plant to the Crystal River 3 event, (3) address information available to the operator following various I&C system power upset events, (4) address the feasibility of performing a test to verify reliable information that remains following various I&C power upsets, (5) address the Crystal River 3 proposed corrective actions, and (6) expand the review of IE Bulletin 79-27 to include the implications of the Crystal River 3 event. As a result of information received from the licensees, and from numerous meetings with the licensees, the NRC issued orders requiring changes in equipment, the control system, procedures and training, all of which were implemented in the B&W plants.

Unresolved Safety Issue A-47

As indicated in the response to Question 38(d), the Commission has designated A-47, "Safety Implications of Control Systems" as an Unresolved Safety Issue (USI). An in-depth evaluation of control systems will be performed, and a comprehensive set of licensing requirements and criteria for plant specific evaluations of control systems interaction with plant safety will be developed. All reactor vendor's control systems that affect plant safety will be reviewed under USI A-47.

(B). What did the accident at Rancho Seco say about the plant's control systems?

ANSWER

A failure in a control system which could lead to a plant transient requiring automatic actuation of safety systems and/or a violation of plant technical specifications is a part of the safety analyses performed for every nuclear power plant, including Rancho Seco. These analyses include a defined set of transients caused by control system failures. In these analyses, conservative initial plant conditions, core physics parameters, instrumentation setpoints, and equipment failures are assumed. The conservative analyses performed are intended to demonstrate that the potential consequences to the health and safety of the public are within acceptable limits for a wide range of postulated events even though specific actual events might not follow the same assumptions made in the analyses. The Rancho Seco event resulted in no adverse consequences to the health and safety of either the public or plant operating personnel.

As a result of the event, the Rancho Seco design and procedures were reviewed and modifications made to improve the operator's capability to take appropriate actions following power supply failures.

QUESTION 38 (C). Why is it that a plant's control systems are not required to meet the same stringent requirements that a plant's safety systems are required to meet.

ANSWER

There are differing objectives for plant control systems and plant safety systems. Safety systems are designed to ensure that failures, even of operational equipment, do not cause safety limits to be exceeded. NRC staff reviews are performed with the goal of ensuring that control system failures will not prevent automatic or manual initiation and operation of any safety system equipment required to trip the plant or maintain the plant in a safe shutdown condition following any "anticipated operational occurrence" or "accident". The approach has been to either provide independence between safety and non-safety systems or to require isolating devices such as isolation amplifiers between safety and non-safety systems so that failures of non-safety systems equipment cannot propagate through the isolating devices to impair operation of the safety system equipment. For these reasons, we do not believe it is necessary for control systems to meet requirements for plant safety systems. Control systems are to allow normal plant operation within a utility grid.

(D). Is it not true that a failure of a plant's control system could lead to a serious accident?

ANSWER.

Failure of plant control systems could lead to a transient requiring automatic actuation of safety systems in order to maintain the plant in a safety condition. In view of the fact that redundant safety systems are provided on all plants, no specific control system failures or actions have been identified to date which would result in unacceptable consequences to the health and safety of the public. However, to provide added assurance that the current licensing practices are adequate, the Commission has designated the "Safety Implications of Control Systems" as an Unresolved Safety Issue. As a part of the resolution of this issue, in-depth evaluations of control systems that are typically used during normal plant operation will be performed to determine if any additional action is needed.

QUESTION 38 (E) What is the best information the Commission has on the potential consequences of a melt-down?

ANSWER

As a result of the accident at Three Mile Island, the Nuclear Regulatory Commission (NRC) recognized the need to re-examine the capabilities of nuclear power plants to accommodate the effects of degraded-core and core-melt accidents beyond the present design basis and to explore means to both decrease the probability and mitigate the consequences of such accidents. The TMI Action Plan (NUREG-0660, May 1980) contained task II.B., "consideration of degraded or melted cores in safety review," which addresses a number of areas related to severe accidents. One of the studies in task II.B. called for an assessment of the consequences of core-melt accidents at plants located at sites with high population densities and whether practical design features for mitigating these consequences would make a significant contribution to risk reduction at these plants. This study has progressed sufficiently so that we have been able to draw a number of important conclusions from it. The first plants chosen for these studies are in a number of ways similar to the Rancho Seco plant; an important similarity involves the containment building design (they are all "large, dry containments"). For example, the Rancho Seco containment is designed for 59 pounds pressure per square inch gauge (psig) but with an actual capability to accommodate pressure related loads resulting from core-melt accidents more than two times higher (i.e., about 150 psig). The Zion and Indian Point plants chosen for the study have similarly designed containments, i.e., design pressures of 47 psig and actual capabilities to accommodate core-melt pressure related loads of 125 psig and 118 psig respectively.

The results of these studies show that large, dry containments may be sufficiently capable of mitigating the consequences of a large spectrum of core-melt accidents (with the possible exception of those accidents that result in large hydrogen burns) and that further requirements may be unnecessary, or, at the most, limited improvements would be required. The staff's report, NUREG-0850, Volume 1, "Preliminary Assessment of Core Melt Accidents at the Zion and Indian Point Nuclear Power Plants and Strategies for Mitigating Their Effects," provides the analytical basis for this general conclusion.

Specifically, core-melt accidents present three basic threats to the leakage integrity of these large dry containment building structures. They are as follows: (1) hydrogen and carbon monoxide burning or detonation, (2) gradual overpressurization of the containment building from steam and noncondensible gases, and (3) core melt penetration of the basemat if cooling is not provided in the reactor cavity. Several important points should be made regarding these conclusions.

First, our analysis leads us to conclude that certain failure modes previously considered important can now be considered much less probable. For example, we estimate containment building failure as a result of penetration by missiles generated by steam explosions to be two orders of magnitude less probable than was reported in "The Reactor Safety Study" (WASH-1400). Early "steam spike" overpressurization failures, which could occur shortly after reactor vessel failure, are also thought to be less likely than they were in previous studies

QUESTION 38 (E) (continued)

Second, with the exception of the potential for early failures resulting from the burning or detonation of combustible gases, we estimate that the most likely failures would occur relatively late after accident initiation. The consequences of these failures would be considerably reduced relative to the consequences of early failure, especially when the results of new assessments of fission product behavior are taken into account.

These matters continue to be subjects of study, e.g., in the NRC research program and the Zion and Indian Point probabilistic risk assessments (by both NRC and the licensees of these plants). For completeness, it should be added that other containment types may exhibit an integral containment integrity capability that is equivalent to that of large dry containments.

The Commission is continuing a research program on the phenomena associated with severe accidents. This program includes studies in probabilistic risk assessment, analysis of system transients (including severe accidents where core damage and core melt are hypothesized to take place), fuel behavior, fission product behavior, and containment response to severe loadings resulting from hypothesized core melt accidents. This research is required to provide the information needed to assess the risks to the health and safety of the public from core-melt accidents as well as to provide confirmatory information on some of the conclusions that we have reached on the level of safety of nuclear power plants.

QUESTION 39. Licensing Delays. In its January, 1981 report to the Congress the NRC predicted that, according to estimated construction completion dates provided by the utilities, 12 power plants would face 90 cumulative months of delay during 1981 and 1982 due to the NRC licensing process.

(A). It is not true that the cumulative months of delay of a year ago have since essentially evaporated? If so, why?

ANSWER

The cumulative months of delay that was projected about a year ago in the January 1981 Monthly Status Report to the House Appropriation Subcommittee on Energy and Water Development was actually 79 months. (The 11-month delay for reaching a decision on a low power license for Diablo Canyon Unit 1 should not be included since it was already included in the 12-month delay for its full power license.) The projected delay in the January 1982 monthly status report was two months. The reason for the reduction is due to a combination of NRC actions and applicant construction completion date changes. The actions taken by the NRC included:

-- Modification of the immediate effectiveness rule. Under the new rule, the Director of Nuclear Reactor Regulation may issue a low power operating license if authorized by the Licensing Boards initial decision.

-- Changed the licensing review process, improved the management of the licensing reviews and increased resources for licensing reviews, including additional resources and overtime.

-- Issuance of a Policy Statement providing guidance to the Licensing Boards on how to expedite proceedings, including directing Licensing Boards to attempt where possible to set hearing schedules so that the Boards would issue initial decisions within 300 days after the publication of the last staff safety evaluation report that must be issued prior to the commencement of the hearing.

The principal changes, however, were due to the applicant's estimated dates slipping substantially.

(B). Is it not reasonable to assume that much of the reason for the delays were the result of a manpower reallocation within the Commission caused by the accident at TMI?

ANSWER.

The principal cause of the "delays" was optimistic licensee completion estimates. To the extent that the delays were real and were caused by the NRC: Yes, however this reallocation was appropriate in order to address our responsibilities. It is true that some of the projected delay was caused by the temporary reallocation of resources following the accident at TMI. However, the major cause of the projected delay was the fact that the Commission, in order to continue to assure adequate protection of the public health and safety, slowed its licensing process for more than one year while applicants continued construction of nuclear power plants. This allowed the NRC to effectively analyze and evaluate the accident to determine the generic lessons learned that apply to both licensing and regulating nuclear power. Additionally, implementation of the lessons learned resulted in a lengthened licensing process (e.g., longer hearings, and increased scope and depth of safety reviews).

QUESTION 40. Safeguards. In his letter to Interior Committee Chairman Morris Udall of November 27, 1981, Chairman Palladino stated: "The Commission has noted that the NRC has had little or no safeguards information in making its export determinations under the Nuclear Nonproliferation Act...The NRC is concerned that the IAEA safeguards system would not detect a diversion in at least some types of facilities. In addition, we are not confident that the member states would be notified of a diversion in a timely fashion." What is the status of the NRC's evaluation of and actions on the efficacy of current non-proliferation safeguards?

ANSWER.

The results of the Commission's review of its responsibilities under the Atomic Energy Act of 1954 are set forth in the Chairman's March 18, 1982 letter to the Chairmen and Ranking Minority Members of various congressional committees and subcommittees. Additional information on the NRC's evaluation of the efficacy of IAEA safeguards is set forth in the Chairman's March 2, 1982 letter to Senator Hart and Congressmen Dingell and Ottinger. Copies of these letters are attached.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

CHAIRMAN

March 18, 1982

The Honorable Alan Simpson, Chairman
Subcommittee on Nuclear Regulation
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In my November 27, 1981 letter to you regarding the Commission's assessment of International Atomic Energy Agency (IAEA) safeguards, I stated that we were reviewing our responsibilities under the Atomic Energy Act of 1954, as amended, for the licensing of nuclear exports in light of concerns expressed in that letter, and that I would inform you of the Commission's conclusions. It is for this reason that I am writing you now.

Before I describe the Commission's decision with respect to future export license reviews, I would like to clarify for the record the basis on which the Commission has to date issued export licenses.

-- While the NRC places considerable reliance on the IAEA safeguards system in licensing nuclear exports, this reliance is supplemented by other means.

-- In making the finding that "safeguards...will be applied" under the Nuclear Non-Proliferation Act (NNPA), the Commission requires assurance that the export will be subject to a safeguards agreement with the IAEA. However, because of current confidentiality requirements and international sensitivities, rarely do we have much specific information from IAEA regarding the application of safeguards in the subject country or at the subject facility. We do, however, receive substantial amounts of information of a more general nature, including some information on the application of safeguards at some types of facilities.

-- In making the more general finding that the export will not be inimical to the common defense and security of the U.S., many factors are taken into account. In addition to the considerations reflected in the NNPA export criteria, these factors include our judgment of the proliferation aspects of the export based on all the information available to us from various sources, and any information about the application of safeguards in the recipient country.

As a result of the Commission's internal review, we have determined that the procedures we have been using for the past year should be continued. Thus, for exports raising no significant proliferation concerns, particularly to those countries with which we have long-standing trade or mutual security arrangements, we will continue to consider individual export license applications using the standard staff review. We anticipate that this mode of operation would apply to the majority of export cases that come before us.

For exports in which significant proliferation concerns do arise, particularly in cases that involve sensitive facilities or facilities that present special technical safeguards problems, we will continue to give each export license application additional scrutiny. These applications are often referred to the Commissioners even though they may fall within the staff's delegation of authority and are subject to more extensive staff review, including frequent consultation with appropriate Executive Branch agencies regarding safeguards and all other facts potentially relevant to the Commission's required statutory findings.

We therefore are directing the NRC staff to:

-- Meet with the Executive Branch at the senior staff level on a regular and frequent basis to be briefed on current issues which may affect NRC's consideration of export license applications. This would supplement the Commission's periodic meetings with the Executive Branch;

-- Keep the Executive Branch informed of NRC's interest in all information bearing on the proliferation aspects of particular exports early in the license review process;

-- Consult, in the final stage of its review of export cases of concern, with agencies of the Executive Branch to ensure that no new information has developed, including that from sources not routinely provided to NRC, since previous Executive Branch views were provided; and

-- Refer to the Commission any export license application which raises inimicality questions, even though the export may be within the staff's authority to license under approved delegations of authority.

While we have been doing most of these things up to now, we expect special staff attention to safeguards and other factors, and we encourage greater staff consultation with Executive Branch agencies both on a regular basis and regarding certain export cases to assure that we are aware of all available information.

Review of export applications will continue to rely on Executive Branch information about the proliferation intentions and capabilities of the proposed recipients and assessments of such factors as application of safeguards and the status of development of the recipient country's nuclear programs.

In addition, the Commission, working principally through the newly revitalized Interagency Steering Group on International Safeguards, will continue to strongly support renewed U.S. efforts to improve international safeguards, particularly with respect to new initiatives to address those problems identified in information available to the Commission.

Commissioner Bradford feels that the current shortcomings at the International Atomic Energy Agency have more drastic implications for NRC export licensing than the Commission letter indicates. He believes that Criterion One does require the NRC to consider safeguards adequacy, at least to the extent that it may not find the criterion met if it knows the safeguards in the recipient country to be likely to be ineffectual. He believes that the presence of IAEA safeguards has supported a presumption of adequacy which satisfied Criterion One, but the shortcomings alluded to in the Commission's November letter are serious enough to undermine that presumption.

In his view, all exports to on-line refueled heavy water reactors and all exports that will result in reprocessed plutonium that the U.S. will allow to be transferred to or remain in a non-weapons state do not satisfy Criterion One. Because there is not reasonable assurance that they will effectively be safeguarded, Commissioner Bradford feels that the NRC cannot find that safeguards apply to them. Consequently, in his view, approval of such exports can only come from the President under the framework provided by the Nuclear Non-Proliferation Act.

We have informed the appropriate Executive Branch agencies of this letter and their comments regarding factual accuracy and classification have been considered.

Sincerely,

Nunzio J Palladino

Nunzio J. Palladino

cc: Sen. Gary Hart

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

CHAIRMAN

March 2, 1982

The Honorable Gary Hart
Ranking Minority Member
Subcommittee on Nuclear Regulation
Committee on Environment and Public Works
United States Senate
Washington, D. C. 20510

Dear Senator Hart:

This responds to your letters of November 25 and 30, 1981 concerning IAEA safeguards. In those letters, you raised several questions. Our responses follow:

As we have stated on a number of occasions, the NRC receives little specific information about the application of international safeguards in particular countries or at specific facilities. We do, however, receive substantial amounts of information of a more general nature, including some information on the application of safeguards at some types of facilities. When we do receive more specific information, it is usually classified and provided through secure channels. This information is usually controlled by the originating agency and thus is not releasable, even on a classified basis, by the NRC without the consent of the originator. We receive some classified information in the form of briefings, and thus do not always receive the source documents but are informed of the substance of the information.

Through these means we have been made aware of classified information that is applicable to several of your questions, much of which we are not authorized to disseminate further; therefore, we cannot fully respond to your questions. Where possible the answers to the questions in the body of your letter of November 25, and restated in your letter of November 30, are attached. However, the answers to the questions regarding the effectiveness of IAEA safeguards can more properly be addressed by agencies of the Executive Branch. We have discussed this matter with the appropriate agencies, and they have indicated a willingness to respond to any inquiries you may have. Our answer to the question in enclosure 2 of the November 25 letter will be forwarded to you under separate cover.

While our information on international safeguards implementation is rather limited, we do have enough information to be concerned that the IAEA safeguards system would not detect a diversion in at least some types of facilities. In any case, the Commission believes that safeguards have improved in recent years and that efforts should be made to continue this improvement as rapidly as possible. To the extent that our resources permit, the Commission is prepared to assist the Executive Branch in strengthening IAEA safeguards.

We have informed the appropriate Executive Branch agencies of this letter and their comments regarding factual accuracy and classification have been reflected. Commissioner Gilinsky adds that this includes the deletion of one question.

Commissioner Bradford did not participate in this letter. While he sympathizes with the Commission's desire to make as much information as possible available to the public, he feels that the questions cannot be adequately responded to in an unclassified letter. His responses will be transmitted in a separate classified document.

Sincerely,

Nunzio J Palladino

Nunzio J. Palladino

Enclosure:
Responses to Questions

cc: Senator Alan Simpson

ANSWERS TO QUESTIONS IN CONGRESSMAN DINGELL'S LETTER AND ENCLOSURE OF NOVEMBER 25, 1981

Question: "Are international safeguards adequate to detect the diversion of nuclear equipment or material?"

Answer: As we noted above and in our letter of November 27th to you and other members of Congress, the Commission has concerns about the adequacy of IAEA safeguards. We cannot give you a meaningful overall judgment because such a judgment about adequacy would require information about specific materials, facilities, personnel, and equipment as well as the proliferation risks of particular nations. A more extensive discussion of this issue is provided below in response to your fifth question.

Although this question appears simple, it is, in fact, complex because the answer depends on underlying assumptions, standards, and expectations.

Commissioner Gilinsky's response is that international safeguards are not adequate.

Question: "Does the NRC believe that if a diversion were detected, such diversions would be reported promptly to the Board of Governors and the member states of the IAEA so that the member states would have time to react? Does the NRC have any evidence indicating reporting problems to the Board of Governors or from the IAEA to its member states?"

Answer: As our November 27th letter indicated, we are not confident that the member states of the IAEA would be notified of a diversion in a timely manner. This is not to suggest that we believe a clear diversion would be covered up by IAEA officials. However, most situations will be quite ambiguous even after investigation, and the IAEA process for determining whether or not a diversion has occurred may be time-consuming. The Commission has believed for several years that more information should be reported to the Board of Governors.

Question: "Does the NRC explicitly consider the adequacy of international safeguards in export licensing decisions (not just physical security)? If not, why not?"

Answer: As stated in the Commission's testimony, given by Commissioner Gilinsky, before the Senate Foreign Relations Committee on December 2nd, the Commissioners "are unanimous that available information bearing on the adequacy of . . . safeguards in specific export cases must be taken into account." However, "the Commissioners are not of one mind on the legal basis for inquiring into the adequacy of IAEA safeguards . . . ."

Commissioner Ahearne's additional views relating to this question are attached.

Question: "Please evaluate the overall effectiveness of international safeguards. In particular, evaluate the effectiveness of international safeguards as applied to:

(1) source material;

(2) fabrication of highly-enriched uranium and plutonium;

(3) research reactors;

(4) power reactors;

(5) spent fuel;

(6) transportation of each type of nuclear material;

(7) reprocessing of spent reactor fuel; and

(8) separated plutonium."

Answer: With respect to particular types of materials and facilities enumerated in your letter:

(1) IAEA safeguards under the Non-Proliferation Treaty are applied to source material when it is of a composition and purity suitable for fuel fabrication or enrichment, but not to uranium ore or "yellowcake." When source material is refined and converted to a form subject to safeguards, it is subject to the same safeguards applied to low-enriched uranium. Subject to the availability of resources, source material can be safeguarded effectively.

(2) Highly-enriched uranium and separated plutonium can be inspected. However, because they can be transformed readily into weapons, we cannot count reliably on inspection alone to provide warning of diversion of HEU and separated plutonium in time to prevent weapons assembly if the necessary preparatory work has been done.

Commissioner Ahearne notes that the necessary preparatory work includes design of the weapon and fabrication of all components of the device. These tasks are very difficult and require a group which is highly sophisticated technically.

(3) Research reactors range from very small reactors, sometimes fueled with low-enriched uranium, to very large reactors capable of producing substantial quantities of plutonium in a relatively short period of time, and sometimes fueled with HEU or with large amounts of natural uranium. The majority of research reactors are small and not difficult to safeguard effectively. Safeguards at large research reactors are often more complicated because these reactors can be used to make weapons quantities of plutonium and because research usually involves frequent activities in and around the core. The Department of Energy's Reduced Enrichment for Research and Test Reactors (RERTR) program is important in eliminating one of the two basic proliferation concerns associated with these large reactors, i.e., that of diverting fresh fuel.

(4) Most power reactors are either of two basic types: light water reactors that are refueled roughly once a year while shut down, and (usually) heavy water reactors that are refueled almost daily while operating. LWR's are among the most easily safeguarded of all nuclear facilities. On-line refueled reactors present technical safeguards problems that are more difficult to solve than for light water reactors. However, technical measures are being developed to solve these problems, although they may be costly and/or highly dependent on equipment reliability.

(5) Spent fuel stored as fuel elements can be accounted for item by item, if there is continuity of knowledge, and does not present particularly difficult safeguards problems.

(6) The transportation of nuclear material does not create any particular technical safeguards difficulties beyond those otherwise associated with the kind of material involved. The ability of the IAEA to account for nuclear material transferred from one country to another needs improvement. The IAEA recognizes this need and has recently held a consultants meeting on this matter.

(7) Inspection of large-scale reprocessing plants presents a number of particularly difficult technical problems. While progress is being made, it is clear that significant problems will remain for the foreseeable future. Because of the plutonium present in reprocessing plants, please also refer to our answer to (2) above.

(8) Please refer to our answer to (2) above.

Although you did not raise the question of enrichment plants, these raise difficult issues for effective safeguards. These are being addressed in an international study group.

Question: "Given the above evaluation, should the NRC continue to rely on the IAEA safeguards system in licensing exports from the U. S. of nuclear materials and equipment?"

Answer: We recognize the shortcomings of the IAEA system. However, the NRC has never placed sole reliance on the IAEA safeguards system in licensing nuclear exports. The NRC's evaluation of IAEA safeguards effectiveness, stated in the November 27th letter, raises questions for us about the exercise of our export licensing responsibilities. As that letter further states, the Commission is reviewing its responsibilities under the Atomic Energy Act of 1954, as amended, for the licensing of nuclear exports in light of our concerns, and we will inform you of our conclusions. However, as suggested by Commissioner Gilinsky in his response to a question during the December 3rd Senate Foreign Relations Committee hearings, we do not expect that there will be a change in export approvals for our principal nuclear trading partners.

Commissioner Ahearne's additional views relating to this question are attached.

Commissioner Ahearne provided the following additional views:

It should be recognized that the nature of NRC's assessment of safeguards for exports has involved substantial controversy. In part, the difficulty stems from lack of clear guidance from Congress, and in part, because a regulatory agency which is used to obtaining and assessing detailed information has difficulty in making subjective judgments based on sketchy information.

Prior to passage of the Nuclear Non-Proliferation Act, the Commission informed Congress that it had difficulty reaching conclusions on the adequacy of safeguards for exports:

> "The Commission wishes to reiterate that it does not receive sufficient country-specific safeguards information to allow it to make an independent assessment of the adequacy or effectiveness of safeguards implementation in a country for which an export license is being requested. It, therefore, is faced with making such licensing decisions on the basis of other factors noted previously and its general view of safeguards. The Commission's staff has noted its inability on the basis of available information to provide such independent safeguards assessments and has asked for Commission guidance as to the course it should follow in these circumstances." 1/

Although there was some discussion during debates on the NNPA, Congress provided no clear guidance. As Senator McClure put it, "The bill does require NRC to make their own assessment [of the adequacy of safeguards]. The question, I guess, boils down to what is an independent assessment." 2/ Senator Percy closed the primary discussion of this issue by stating: "[T]his legislation is not intended to prejudge the current debate as to the information which the United States should seek to obtain with respect to the adequacy of IAEA safeguards on U.S. exports or as to the roles which the various interested agencies should perform in the process." 3/

1/ Letters from NRC Chairman Hendrie to Senator Sparkman and Representative Zablocki (February 2, 1978).

2/ Congressional Record (Daily Edition) S.1464 (February 7, 1978).

3/ Id.

As we have told Congress, safeguards assessment continues to be a problem:

> "In general, as indicated in these documents, while both the Commission and the Executive Branch consider the effectiveness of international safeguards to be an important element of the export licensing process, the NRC staff continues to believe that it does not currently receive sufficiently specific information to permit it to reach a conclusion as to the effectiveness of IAEA safeguards in countries receiving U.S. nuclear exports without some reliance on the Executive Branch and IAEA's own conclusions regarding safeguards." 4/

It is unlikely that the NRC and Executive Branch will be able to resolve the difficulties. Because of international sensitivities, there are clear constraints in obtaining detailed information about safeguards in other countries. This creates problems because of the regulatory nature of the NRC:

> "In reviewing domestic licenses, the NRC staff is able to obtain detailed information to evaluate. Based on this information, it is able to reach conclusions concerning the adequacy of safeguards at particular facilities. However, as mentioned previously, there is little specific information on international safeguards available to assess. Consequently, the NRC staff is unable to perform the types of reviews and reach the same types of conclusions in the international area that they do in the domestic area." 5/

There is little prospect that the situation will change because of the inherent nature of the problems.

These practical limitations have led to a difference of views within the NRC and between the NRC and the Executive Branch on the nature of the finding required under the safeguards criterion in Section 127 of the NNPA. This situation was described in a recent GAO report to Congress. 6/ It led GAO to recommend that Congress "clarify to what extent the effectiveness of international safeguards should be considered by the Nuclear Regulatory Commission in export licensing." 7/

4/ Letter from NRC Chairman Ahearne to Senator Glenn (March 7, 1980).

5/ Id.

6/ General Accounting Office, "The Nuclear Non-Proliferation Act of 1978 Should Be Selectively Modified," OCG-81-2 (May 21, 1981).

7/ Id. at xiii.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

OFFICE OF THE
COMMISSIONER

March 4, 1982

The Honorable Richard L. Ottinger
Chairman
Subcommittee on Energy Conservation
  and Power
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In light of the difficulty that I am having with Executive Branch censorship of my response to your November 25 letter, I thought that I should supply the enclosed undisputed portion of that response as a supplement to two answers in the Commission's letter of March 2.

Sincerely,

Peter A. Bradford
Commissioner

Enclosure:
Supplement to NRC letter of
  March 2, 1982

cc: Representative Carlos Moorhead

SUPPLEMENT TO THE NRC LETTER OF MARCH 2, 1982

QUESTIONS: Does the NRC explicitly consider the adequacy of international safeguards in export licensing decisions?

Should the NRC continue to rely on the IAEA safeguards system in licensing exports from the U.S. of nuclear materials and equipment?

ANSWER: Commissioner Bradford feels that the current shortcomings at the International Atomic Energy Agency have more drastic implications for NRC export licensing than the Commission letter indicates. He believes that Criterion One does require the NRC to consider safeguards adequacy, at least to the extent that it may not find the criterion met if it knows the safeguards in the recipient country are likely to be ineffectual. The presence of IAEA safeguards has supported a presumption of adequacy which satisfied Criterion One, but the shortcomings alluded to in the Commission's November 27 letter are serious enough to undermine that presumption.

In his view, all exports to on-line refueled heavy water reactors and all exports that will result in reprocessed plutonium that the U.S. will allow to be transferred to or remain in a non-weapons state do not satisfy Criterion One. Because there is not reasonable assurance that they will effectively be safeguarded, the NRC cannot find that safeguards apply to them. Consequently, approval of such exports can only come from the President under the framework provided by the Nuclear Nonproliferation Act.

QUESTION 41

Proliferation. In its November 13, 1981, evening report entitled "Nuclear Weapons, Nuclear Worries," CBS News reported that "The Nuclear Regulatory Commission has estimated that more than 8,000 pounds of radioactive substances used in making nuclear weapons are unaccounted for."

A. What is the most up-to-date figure, according to NRC estimates, on the amount of radioactive substances unaccounted for?

ANSWER

NRC licensed operations do not include any activity in the national nuclear weapons program although some portions of the manufacture of fuel for the nuclear navy are within facilities licensed by the NRC. Some nuclear materials within the NRC licensed industry (namely, highly enriched uranium and plutonium), in certain quantities and with certain enrichment, are capable of being used to fabricate a fission explosive device.

The cumulative inventory differences for operations licensed by the NRC and by its predecessor, the AEC, from 1953 through December 31, 1980, are summarized below. Inventory difference data since January 1, 1981, are classified and have not, as yet, been released by the Commission.

Cumulative Inventory Differences**	Enriched Uranium (over 20% enriched)	Plutonium
AEC licensees - 1953 to December 31, 1967 a/	1082.4Kg	10.6Kg
NRC licensees - January 1, 1968 to September 30, 1976 b/	542.4Kg	32.8Kg
NRC licensees - October 1, 1976 to December 31, 1980 c/	460.0Kg	27.0Kg
	2084.8Kg or 4586.6 lbs*	70.4Kg 154.9 lbs*

Inventory difference data for AEC, ERDA and DOE contractor facilities are maintained by DOE. The information above does not include data for these facilities.

a/ USERDA, Report on Strategic Special Nuclear Material Inventory Differences, Report 77-68, dated August, 1977.

b/ NRC, NUREG - 0350, Report on Strategic Special Nuclear Material Inventory Differences, Vol. 1, No. 1, dated August, 1977.

c/ NRC, NUREG - 430, Licensed Fuel Facility Status Report, Vol. 1, Nos. 1 thru 7, dated May, 1978 thru July, 1981.

* Rounded

** This quantity is determined by summing a series of inventory differences. Inventory difference is the quantity determined by subtracting inventory plus removals from beginning inventory plus additions to inventory.

FISCAL YEAR 1983 BUDGET REVIEW

Environmental Protection Agency

TUESDAY, FEBRUARY 23, 1982

U.S. Senate,
Committee on Environment and Public Works,
Washington, D.C.

The committee met at 10 a.m., in room 4200, Dirksen Senate Office Building, Hon. Robert T. Stafford (chairman) presiding.

OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM THE STATE OF VERMONT

Senator Stafford. The Committee on Environment and Public Works will please come to order.

For the committee, I am very happy to welcome you all here this morning. I will extend a special welcome to you, Ms. Gorsuch, and your supporting staff. We are happy to have you with us here this morning.

This is a hearing of the full Environment and Public Works Committee to receive testimony regarding the Adminisration's proposal for its fiscal year 1983 budget for the Environmental Protection Agency. We have with us the Administrator of the Environmental Protection Agency, Ms. Anne Gorsuch. We are very pleased that she has taken time from her busy schedule to be with us this morning.

Mr. William Nordhaus, John Musser, professor of economics at Yale University, stated in last Sunday's New York Times:

> A Presidential budget deserves the closest scrutiny. Budgets are the central tool by which Presidents can translate their philosphies, their visions for the country, into reality. By examining both the broad sweep and the minutiae of budgetary proposals, we can trace Presidential wishes and fantasies.

The purpose of this hearing today is just that: To examine the broad sweep and the minutiae of the budgetary proposals for the Environmental Protection Agency. For it is the desire of this committee, and this Senator, that the budget of the Environmental Protection Agency represent the wishes, and perhaps the fantasies, of this committee as well as the President and the administration.

An initial, cursory review of the proposed budget reveals much that is satisfying. Under a leaner, more efficient administrative approach, all of the programs which the Congress has invented through legislation for the Environmental Protection Agency to pursue are being pursued.

That same initial, cursory review also reveals, however, some details about which I am concerned. I am concerned, for instance, that some of the research that the Agency was previously able to do because of a richer budget, though perhaps not directly related to projects with mandated deadlines, will not now be performed.

I am also concerned that some budgetary choices, based on the assumption of greater exercise of State regulatory authority, may be falsely based, given limited resources in State budgets.

The Environment and Public Works Committee must report our budget recommendations to the Senate Budget Committee by March 8 of this year. Our work is cut out for us. Let us begin on this very important aspect of our committee's responsibilities, the Environmental Protection Agency budget proposal for fiscal year 1983.

The Chair will note that since the Budget Committee itself is meeting this morning that four members of this committee are at that committee for the time being.

Without objection, I will place in the record a statement by Senator Chafee who is unavoidably absent.

[Senator Chafee's statement follow:]

OPENING STATEMENT OF HON. JOHN H. CHAFEE, U.S. SENATOR FROM THE STATE OF RHODE ISLAND

Senator CHAFEE. Mr. Chairman, I would also like to welcome Mrs. Gorsuch to our committee meeting this morning for consideration of the 1983 EPA budget. It is an especially important budget because it is the first one you have developed as Administrator.

During recent weeks, we have heard much about the EPA budget. Some have charged it is wholly inadequate, given the Agency's responsibilities. Others feel that perhaps more could be cut from it. Certainly, the adequacy of the proposed funding levels is very important—our environmental laws wouldn't be worth the paper they are printed on unless a proper level of funding were provided to carry out their goals.

But I also believe it would be helpful for us to focus on the budget, not just in terms of numbers, but as a policy statement—a sort of road map detailing EPA's itinerary over the next year. Not only should we ask ourselves if enough money is going to be provided for this program or that program, but we should also focus on the direction in which you are taking these programs.

In looking over the budget, I am pleased to see that EPA has made a strong commitment to the Superfund program by requesting $230 million. Full funding of $2.4 billion has been requested in fiscal year 1982 for the construction grants program, indicating a strong commitment to clean up the Nation's waterways.

Although $2.4 billion has also been requestd for this program in fiscal year 1983, I am disappointed to see that that figure is shy $200 million for the combined sewer overflow fund which we enacted in the construction grants reform bill last year. Since combined sewer overflow presents serious environmental problems, I believe the committee should strongly consider full-funding for this program.

Although the proposed EPA budget calls for a total reduction of about 12 percent from fiscal year 1982 figures, air programs have been cut by 20 percent, water programs by 27 percent, and research and development programs by 23 percent.

With regard to water quality programs, several statements are made in this budget which immediately call to mind the direction of the water pollution control effort prior to passage of the 1972 act. For instance, under water quality research, the statement appears that "this research will allow some departure from strict use of uniform national standards and best available technology as the basis for establishing pollution control requirements for each discharger."

It seems to me that the limited funds available for research should be focused on compliance with the law, rather than departure from it.

Another important area is enforcement. Two reorganizations of EPA's law enforcement function over the last year, along with an 18-percent cut for enforcement activities, raise questions about the Agency's ability to insure adequately compliance with environmental programs.

For example, in 1980 about 250 cases were referred to the Justice Department for action, while only about 80 were referred in 1981. I am curious about whether or not this trend is a function of greater compliance or overworked attorneys trying to cope with real resource reductions.

In the air program, funding for the development of guidelines and regulations for State implementation plans has been cut by about a third. Although 29 States are expected to submit their SIPS for final approval in 1982, it is anticipated that many of these plans will have to be revised—with far fewer dollars available for the job.

Additionally, EPA is shifting its policy to encourage greater reliance on State and local agencies for enforcement of air quality regulations, and/or focus on big polluters in nonattainment areas. This change, coupled with the largest air program reduction in the grants of States, could impair the States' ability to carry out effective monitoring and inspection of sources to ensure compliance with air quality standards.

I know EPA has justified many of the cuts and changes I have briefly mentioned in the name of regulatory reform and program streamlining. I cannot quarrel with the need to cut redtape. But I believe we should focus on whether these revisions are shifting the burden of providing adequate resources to other levels of Government. Last, we will be looking to you to tell the committee how these reforms will improve the prospects of achieving our environmental goals.

Mrs. Gorsuch, as I indicated at the beginning of my atatement, this is the first opportunity you have had to place your imprint on the stewardship across the board at the EPA. Next year at this time, it will be the objectives you have outlined for us that we will be using to evaluate EPA's performance.

Senator STAFFORD. Senator Hart, do you have an opening statement?

OPENING STATEMENT OF HON. GARY HART, U.S. SENATOR FROM THE STATE OF COLORADO

Senator HART. Thank you, Mr. Chairman.

You have correctly noted the opening of the Budget Committee hearings. This is a budget day and Mr. Stockman of OMB is before the committee. As one member of this committee, I will be shifting back and forth. I think we all understand that in the area of the environment, other areas affecting the well-being of this Nation, two very important things are required; that is, reasonable and effective laws, and reasonable and effective implementation and enforcement of those laws.

What we are here to do today, it seems to me, is to inquire into that second category of implementation and enforcement of those laws. In the course of the last decade, starting early in that decade, Congress enacted the fundamental environmental laws that apply to cleaning up the environment, the Clean Air Act, the clean water laws, and so on. In the meantime, however, in the middle and latter parts of the seventies, the mission, requirements, and the responsibilities of the implementing agencies, Environmental Protection Agency, were expanded; for example, the Toxic Substances Control Act and the Superfund legislation, to name just two recent laws.

We have really doubled the Agency's entire workload in the last few years. One might expect as a result of this that there would be increased requirements for operating funds and staff on the part of this Agency with increased responsibilities but we are here for the second straight year with the request for decreased operating authority and the overall amount of the EPA budget as compared to last year isn't really what is important, it seems to me. It is the operating budget of the Agency.

As the chairman has noted, despite the growing workload and despite the effect of inflation, the EPA operating budget, if this request were to be granted, would be cut about 30 percent from the 1981 level, about one-third.

I, of course, endorse the chair, with Ms. Gorsuch and other administrators, the firm belief and conviction in what has come to be known as improved management techniques, but I must say one would have to be a brilliant, perhaps superhuman manager to extract from an operating budget 30 percent and still meet the expanding requirements of the laws that the Congress has passed to protect the health and the environment of this country.

The agency's most important mission known in the budget as abatement control and compliance would be cut 42 percent over 1981 levels. That is just unacceptable, Mr. Chairman, from this Senator's point of view. As you have indicated, the effort to prepare the agency for dealing with emerging pollution problems would be decimated, research on hazardous air pollutants would be cut 43 percent, research on pollution from energy development would be cut 57 percent, the overall research budget would be cut 67 percent.

I understand the need for regulatory reform and some of us were involved in that effort long before the 1980 elections and I think with some effectiveness. But I think there is both a fine and broad line between reform and regulatory relief and I don't think, based on anything I can tell from my constituents or any polls I have seen nationally, that what the people of this country want is the kind of regulatory relief that those figures suggest; that is, abandonment, in effect, of a third or a half or more of the implementation and enforcement of the laws which the Congress, on behalf of the American people, passed.

Once again I must say I am all for improved management techniques but I think we passed that boundary a long time ago.

I find this budget request totally unacceptable. I am frustrated in advance, I must say, as I was last year, by how you penetrate the claims that all these things can be done with this much less operating money. And I don't know how this committee gets past that problem. But it is frustrating and a difficult one for us, hopefully we can do so.

Senator Stafford. Thank you very much, Senator.

Without objection, the Chair will permit Senator Randolph to insert his opening statement immediately following my own at whatever time he is able to get from another committee meeting to this one.

In the interim, in order not to waste any time, Ms. Gorsuch, we are very pleased to hear your statement.

Ms. Gorsuch. Thank you, Mr. Chairman, members of the committee, Senator Hart.

I am happy to be here today to outline the President's 1983 budget for the Environmental Protection Agency.

I would like to introduce the people who are with me today.

Starting from my left, Assistant Administrator for Pesticides and Toxic Substances, Dr. John Todhunter, our Acting Assistant Administrator for Solid Waste and Emergency Response, Christopher J. Capper; Comptroller of the Agency, C. Morgan Kinghorn; to my right, Deputy Administrator Dr. John Hernandez; Acting Administrator for Research and Development, Courtney Riordan; Bill Sullivan, who is heading up our enforcement efforts in the Office of the Legal Counsel and Enforcement; Kathleen Bennett, Assistant Administrator for Air, Noise, and Radiation; and Bruce Barrett, Acting Assistant Administrator for Water.

Likewise, seated behind me is Dr. John Horton, our Assistant Administrator for Administration.

Senator Stafford. Ms. Gorsuch, this might be the best time to let Senator Randolph say something so we will get all of your statement at once, if that is agreeable with you.

Ms. Gorsuch. Certainly, Mr. Chairman.

Senator Stafford. Senator Randolph, we have made opening statements, Senator Hart and I have, and Senator Chafee. But this would be a most appropriate time just before Ms. Gorsuch gets into the meat of her statement, for you to make an opening statement, if you care to.

OPENING STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator Randolph. Thank you very much, Mr. Chairman and I will also say to our colleague, Senator Hart, that I was on the Hill earlier this morning for a breakfast meeting for dissatisfied constituents.

I will not say who they are dissatisfied with, but they are in Washington, D. C., several thousand of them.

Mr. Chairman, the committee this morning will hear from Administrator Anne Gorsuch and her associates as they explain the proposed budget for the Environmental Protection Agency for fiscal year 1983.

I am glad for this opportunity to explore with her a matter that has been the subject of intense rumor and speculation for the past 6 months. In mid-October of last year, when Ms. Gorsuch last appeared before the committee, members expressed concern about the direction in which they felt EPA was moving. At that time there was no administration budget and some of the discussion had to be purely speculative.

We now have before us a proposal by the President that would reduce spending by EPA 12 percent below the level of the current year. When added to reductions made last year, the agency's ability to carry out its mandate would seem to be substantially reduced.

We would be less concerned if the requirements of EPA were static. But this is not the case. The responsibilities of the agency are growing. The hazardous substances programs and certain portions of the Clean Air Act, to name just two, are placing additional burdens on EPA.

If there is one central question that must be answered, it is how the agency can adequately carry out a broader and more diverse program with a smaller budget and fewer people. I do not believe that members of this committee will be satisfied if EPA simply declines to pursue certain environmental protection activities just to save money.

There are many issues that will be discussed today. Like other Members, I am concerned about the overall capability of EPA to function in a manner envisioned by the Congress as we developed a full set of pollution control statutes over the past 15 years. There are several areas, however, to which I call particular attention. I hope, Ms. Gorsuch, that you will specifically address these concerns.

One aspect of the agency's new approach to its work is to turn over to the States much of the responsibility for executing environmental programs. This may be a desirable approach in some instances, but it is being accompanied by sharp reduction in funds to the States. It seems inconsistent to ask the States to shoulder more of the regulatory burden and at the same time reduce the assistance necessary for them to carry out this responsibility.

As a principal author of the Solid Waste Disposal Act, with its emphasis on resource conservation and recovery, I am distressed that solid waste and resource recovery programs are being phased out. The circumstances that led to the creation of these programs remain with us. The delays and the changes in direction of the hazardous waste regulatory program are also problems.

Just 14 months ago Congress passed the superfund program in response to one of our most serious environmental programs—the handling and disposal of hazardous materials. It is essential that this program be fully implemented and vigorously pursued. I believe members of this committee will want to know in some detail and be assured that this can and will be done under the proposed budget.

Finally, Mr. Chairman, last fall I expressed my concerns to you about the ability of EPA to carry out its responsibilities under the financial resources that were being proposed. I am still concerned, and unless these hearings produce convincing evidence that the proposed budget is adequate, I am prepared to join with other members in recommending a higher budget level and making specific recommendations about its allocation.

I hope that Ms. Gorsuch can alleviate the concerns that Senators have, and I look forward to our discussion.

Thank you very much.

Senator STAFFORD. Thank you very much, Senator Randolph.

Now, once again, Ms. Gorsuch, we will be glad to hear your statement.

STATEMENT OF ANNE M. GORSUCH, ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY, ACCOMPANIED BY DR. JOHN HERNANDEZ, DEPUTY ADMINISTRATOR; JOHN E. DANIEL, CHIEF OF STAFF; WILLIAM SULLIVAN, ENFORCEMENT COUNSEL; DR. JOHN P. HORTON, ASSISTANT ADMINISTRATOR FOR ADMINISTRATION; BRUCE BARRETT, ACTING ASSISTANT ADMINISTRATOR FOR WATER; CHRISTOPHER J. CAPPER, ACTING ASSISTANT ADMINISTRATOR FOR SOLID WASTE AND EMERGENCY RESPONSE; KATHLEEN BENNETT, ASSISTANT ADMINISTRATOR FOR AIR, NOISE, AND RADIATION; DR. JOHN A. TODHUNTER, ASSISTANT ADMINISTRATOR FOR PESTICIDES AND TOXIC SUBSTANCES; DR. COURTNEY RIORDAN, ACTING ASSISTANT ADMINISTRATOR FOR RESEARCH AND DEVELOPMENT; AND C. MORGAN KINGHORN, COMPTROLLER

Ms. GORSUCH. Thank you, Senator Randolph, for your instructive opening statement as well as yours, Mr. Chairman. I should tell you that the budget was developed over many long hours in consultation with each assistant administrator and each director of each office in the agency.

The four major points that were my instructions to each of the managers were "a" and foremost that a budget should be constructed that allows the agency to fulfill its statutory responsibilities. I have testified before this committee before. I will reiterate it here. We feel very strongly that Congress makes the laws and it is the function of the executive branch to carry out those laws. The second major point in constructing the budget was to eliminate the very substantial backlog that we had inherited from the prior administration.

The third major point in the construction of our budget was thereby the effect and true intent of Congress that was expressed in each of our major statutes which was Federal Government to create a reasonable program and then delegate the implementation of that program to State governments. This is not a new concept, new with this administration. It was the original intent of Congress in the formulation of each of the major environmental laws.

The four major instructions to each of my managers was to enhance the credibility of the science which is the basis on which we regulate and manage the resources of the people of the country. With that overall directive we are proud today to present our budget proposal for your scrutiny. Likewise we have had the opportunity to brief both you and Senator Randolph and will provide information to all members of your staff should you need any further information from any of us. We would be happy as always to provide it.

FISCAL YEAR 1983 BUDGET REQUEST

The President is requesting 8,129 permanent work years and $961.4 million for our operating programs in 1983. In addition, we are requesting 516 permanent work years and $230 million for the implementation of the hazardous substance response program, commonly known as Superfund, and $2.4 billion for the municipal sewage treatment construction grants program.

Compared to 1982, our 1983 budget for the operating programs and Superfund represents a 7-percent reduction in dollars and a 12-percent reduction in permanent work years. EPA will meet its environmental responsibilities with a smaller budget by focusing resources on statutory responsibilities; simplifying relationships with the States and the regulated community; eliminating duplication of effort; and pursuing regulatory reform. This is our agenda; it is open, forthright, and I will share with you our objectives.

A BETTER ENVIRONMENT THROUGH BETTER USE OF RESOURCES

In my statement this morning, I would like to set forth in broad terms the overall nature of our proposed budget. I would also like to clarify what our proposals mean for the future of the Environmental Protection Agency, and how we intend to meet our statutory responsibilities in 1983.

This budget request is the product of intense analysis and detailed review of the requirements facing the Agency in 1983. While our spending package is leaner, the reductions are designed for effectiveness and efficiency in fulfilling our responsibilities, and fully reflect our continuing commitment to carry out our statutory duties.

Equally important, this budget was engineered to focus resources on hazardous waste programs—our newest responsibilities. Together, the Superfund and RCRA levels represent a 12-percent increase over the 1982 levels enacted by Congress. This translates into an increase of nearly $5 million above 1981 levels for resources specifically devoted to hazardous waste programs. Superfund itself represents an increase of 21 percent over 1982, or more than three times the 1981 funding level.

More critical than the numbers themselves is the reality which those numbers represent. Gone are the days when increased spending could be equated to progress, or when larger programs and expanded staffs equal environmental improvement. What this budget represents, more than efficiency, more than thorough scrutiny, is a rededication of resources away from Government for the sake of Government and toward environmental results.

A century from now, will anyone remember record spending levels? Of course not. They will remember what results we achieved. Those results—a better environment through better use of resources—are and will continue as our principal objectives.

PAST INVESTMENTS

The vast majority of the environmental legislation is not new. Our workload has not "just doubled." Claims that we cannot meet our legislative mandates in 1983 with our proposal are simply wrong. Nearly all of the statutory changes resulting in significant resource requirements occurred over half a decade ago. TSCA and RCRA were amended in 1976; the clean air and water statutes in 1977; and pesticides in 1978. Large, and in some cases, enormous investments have already been made.

Some of the investments were extremely rapid following changes in the statutes. As a result of those earlier investments, we can fully implement those mandates with lower levels of spending. To believe that every program requires ever-increasing Federal expenditures every year, regardless of the progress we have made, is both substantive and budgetary fiction.

In this light, I would like to run down some examples to highlight why we can fully implement many programs in 1983 with less funding.

The toxic substances legislation was enacted not yesterday but nearly 6 years ago. At the time of passage, the Agency had been investing about $8 million and less than 100 people per year. The year following enactment, under the true test of a new program, that investment tripled; the next year resources doubled; in 1980 resources were increased 60 percent. Between 1977 and 1981, resources were increased twelvefold and an investment of over a quarter of a billion dollars was made.

Our request for fiscal year 1983 still represents a ninefold increase since the legislation was passed and five times the number of personnel. The changes we are making in the management of the program as well as the payoff from years of prior work make a strong case that we do not need to maintain the past investment levels.

The Resource Conservation and Recovery Act was also enacted in 1976. At that time, the resource investment was running at $16 million a year. The year following passage, resources were doubled; the next year they were more than doubled; again a true test of a program, resources were doubled; in the third year they were increased by 21 percent; and in 1981 they were again increased by 57 percent. In short, from enactment to last year, the investment in implementation was $700 million.

Our 1983 request, very close to 1982 and 1981, is still over six times the investment in the year of enactment. We believe the investment needs to continue at a relatively high level in 1983. Our proposal shows a decline of only 4 percent in the total program, but in resources devoted to hazardous waste, our proposal is actually a $5 million increase over 1981.

The latest Clean Air Act amendments were enacted in 1977, not yesterday. The program had an investment of about $150 million a year and 1,700 permanent positions when the statute was changed. In the 3 years just prior to the 1977 amendments, nearly one-half billion dollars was invested in implementation. The year following the amendments, the resources were increased by 15 percent; and the next year, by 56 percent. Between enactment in 1977 and 1981, the Agency invested nearly $1 billion in personnel, State grants, and contract funds to implement that program.

Our 1983 proposals build on that substantial investment and combined with additional program management reforms are a viable and realistic basis for our responsibilities in 1983—6 years and $1 billion later.

Finally, the Clean Water Act Amendments of 1977 follow the same trends. In the year following enactment, resources were increased 40 percent, an increase maintained through 1981. Our recommendations in the water quality area represent both the culmination of these investments (nearly $1½ billion since 1977 in just personnel, State grants, and contracts) as well as completion of statutory requirements. l

As you can see, all rhetoric to the contrary, the bulk of our statutorily required programs is not new. Neither do they require greater and greater resources for continuing implementation. In any successful regulatory program, the heaviest expenditures should come first, as we develop the necessary research, regulations, guidelines, and expertise. While early and thorough research is indeed one of the basic foundations upon which successful implementatin rests, once that knowledge is acquired, it does not have to be continually refunded and reacquired at the same levels every year.

Once a regulatory program matures, with greater and greater State participation, the resources needed by this Agency should indeed diminish. Such a comparative reduction in Federal funds should not and does not signal a diminution of Federal commitment.

The high levels of initial investment in our programs over the past 5 and 6 years are attributable to your deep concern and to the concern of the American people and reflect the Nation's longstanding commitment to environmental goals. Because I share these concerns, I intend to keep that commitment, and to do so in a way that builds on our past investments, while bringing in greater State involvement in line with the original congressional intent wherever possible.

FOCUS ON STATE ASSISTANCE

Our budget contains $182 million for grants to States. These funds are focused entirely on those grant efforts designed to assist States in implementing specific statutory responsibilities when those responsibilities are delegated. While State grants for 1983 contain a reduction of 20 percent from the 1982 levels, the 1982 grants in total represented the highest State grant funding in EPA history. But to cite a 20-percent reduction without some additional explanation is somewhat misleading.

For example, the continuing operational State grant programs show only a 5-percent decrease from the 1979 levels, which was the peak year for all types of grants. And if 205(g) and 205(j) Clean Water Act grants are included in the 1983 levels, our level of grants assisting the States in implementing regulatory strategies is actually 53 percent higher than in 1979. In short, a greater percentage of grant funds is going toward implementation of State environmental programs.

BASIS FOR FISCAL YEAR 1983 BUDGET REQUEST

Our specific proposal for 1983 is based on three assumptions:

We're reducing program requirements on States. One of the principal objectives of the administration is to eliminate the many cumbersome and overly complex program requirements that have little, if any, impact on environmental quality. Changes needed range from lengthening the period of pollution permits, thereby avoiding unnecessary reviews, to reducing the number of mandated programs that States must administer, such as vehicle emission inspections, when States have preferred alternatives that achieve the same objectives.

We are also moving quickly, through regulatory reform initiatives, to reduce program requirements on States. A major effort to drop requirements that were not mandated by law but which EPA itself had imposed on States has already begun. In the waste treatment grant program, we recently proposed new, simplified regulations which reduce the information and paperwork burden on States by over one-third while maintaining all statutory requirements and those needed for effective program management.

We have also initiated a new enforcement policy that will enable both the States and the Federal Government to concentrate resources on violations that could significantly affect environmental quality rather than "de minimus" technical violations.

There exists a strong and increasing commitment on the part of the States to implement environmental programs. States have shown tremendous willingness to commit to operating environmental programs; our delegation strategies are working and we expect many of them to improve dramatically this year and next. We are simply in a radically different position than we were 5 or 10 years ago in each and every program. In many cases, the States are investing more in their programs than we are, and this is as it should be as the programs mature.

We ourselves have made an enormous investment in the States to help them initiate programs. We as a nation have invested enormously in State efforts. Following the Clean Air Act Amendments in 1977, the State grant effort climbed rapidly from $66 to $83 million in 2 years. With the enactment of RCRA in 1976, the Federal Government began a yearly investment in State grants that now totals just over $100 million. In total, since 1978, we have invested nearly $1 billion in these key State grants. That follows investments between 1971 and 1977 of over a third of a billion dollars in air, and a quarter of a billion dollars in water. These investments have paid off. We have been able to assist the States in initiating their programs and backing their strong commitment.

Based on these assumptions, I believe our proposal in 1983 is a realistic approach to the problems facing both ourselves and the

States. We are not asking States to do more. We are acknowledging the success we and the States have had over the past 10 years in establishing, operating and achieving mutual objectives in all environmental programs. We just do not need to continue all the same programs, all the same outputs, and all the same resources in 1983.

ENFORCEMENT PROGRAM

The Agency is now implementing a major reorganization of the enforcement program which is designed both to improve the effectiveness of our enforcement effort but also to do it more efficiently.

Enforcement before the reorganization included not only principal enforcers, such as the litigation enforcement attorneys, but program oriented technical personnel, specialized technical support, and the associated permit divisions. Much of what was accomplished in enforcement was generically not what one would think of as enforcement, but activities such as permitting and technical support which could better have been placed within specific program offices.

The recent reorganization makes this change and centers the agencywide enforcement policy and litigation in the Office of Legal and Enforcement Counsel. The bulk of the personnel are enforcement lawyers and specialized technical support for litigation, housed at the National Environmental Investigation Center in Denver.

The technical people who were in the enforcement office and had responsibility for evaluation of the impact of violations and for their informal resolution are now housed in the individual program offices. So too are the surveillance and investigation personnel. This provides a structure in which each Assistant Administrator can be held accountable for total environmental progress in his or her program.

The total enforcement resources in the Agency appear to decline by 19 percent. However, after a functional shift in hazardous permitting from an enforcement accounting code to an abatement and control accounting code is made, the reduction is actually 14 percent, or about 230 people out of 1,666, leaving more than 1,400 personnel devoted to enforcement efforts of all kinds.

On the one hand, placing the permits divisions and the media technical specialists with the appropriate media program will strengthen our efforts in the formulation of regulatory measures. Just as important, however, the tightening of the enforcement structure is designed to improve review of enforcement policy, reduce adjudicatory backlogs, improve the quality of cases referred for litigation, and target enforcement actions against the most environmentally significant sources of pollution.

RESEARCH PROGRAM

Obviously, our research efforts have been and will continue as a mix of long-term and more immediate investigations and applications. In total, however, the resource levels for research represent a reduction from $278 million to $216 million, or a 22-percent decrease. This change reflects the completion of efforts which will enable us to reduce our overall research component as well as invest in newer areas. For example:

The agency has completed ongoing work where sufficient information now adequately supports the decisions facing us. Examples are the completion of research for the effluent guideline program; the conclusion of work on diesel particulates; the completion of initial superfund research; and the conclusion of research support for the toxic substances test guideline program.

In several areas, we have invested in research to a point where the additional investment could be wasted or where we now feel we are ahead of an industry's development. We have made enormous investments over the years in control technologies for a variety of potential pollution sources. This is true both in the air and water pollution areas. There are off-the-shelf technologies available ready for use. In the synthetic fuel area, we now believe our efforts in evaluating the performance and reliability of control technologies are in advance of the industry's overall development, and before we continue to invest further we need to have additional commercial facilities available for examination. We see no need for the continuation of heavy investments in 1983. However, we have an investment of $2.4-million to develop additional risk assessments for synthetic fuel operations.

In the year ahead, we plan to focus our research effort, with the exception of our long-term research commitment, primarily on support of regulatory outputs required by the individual program offices in fulfillment of our statutory responsibilities. We are concentrating on four areas:

Through the allocation of resources and improved management, we will focus on improving the scientific basis of our regulatory actions. For instance, we are maintaining our efforts in hazardous waste research to provide a firm scientific basis for future RCRA regulations. Our research effort is the same as 1982—$30 million.

Elsewhere, we are increasing risk assessment work by $2 million to provide uniform guidelines in performing such assessments. We are requesting over $10 million to continue the development of our quality assurance programs across all media. Within the overall hazardous waste research effort, we are increasing our program to develop engineering data for development of control technologies.

Research will be more focused on providing the basic information for regulatory reform. Toxics research will emphasize the development of improved analytic tools to increase our efficiency and substantive review of chemicals. We are increasing our efforts by $2 million in the hazardous waste program to support a degree of hazard regulatory approach to improve the program's implementation. We are increasing our efforts to improve benefit models to better assess our regulatory actions from a benefit as well as a cost basis.

We are insuring that our research base is adequate, particularly in areas of emerging concern. For instance, in addition to our continuing efforts in hazardous waste, we are increasing our investment in acid rain research by 33 percent, from $9 million to $12 million. We are increasing our research in support of the review of the ozone standard.

Finally, we are continuing our commitment to longer term research. We will continue to have direct relationships with the academic community in our grants program directed at specific research needs.

In summary, the research program we present is sufficient to meet the statutory demands facing us in 1983 and after. Our changes to the 1983 budget were done with the type of analytic framework I have just detailed. A reduction in areas where our past investments have paid off; a reduction in areas where our work is no longer necessary; and more important, a focus on the work still to be done.

FOCUS ON REGULATORY OUTPUTS

We are focusing resources on achievement of regulatory outputs in all our programs. As examples:

In toxic substances we will shift our emphasis from guideline development to annual review as major health and environmental guidelines are completed. New chemicals and their review before manufacture will continue to be one of our highest priorities and we expect to handle 1,000 premanufacture notices in 1983.

In the air program we will increase development of hazardous pollutant standards and accelerate the schedule to develop new source performance standards in 1983. We wlll make hazardous pollutant listing decisions for eight chemicals assessed in 1982, and we will provide technical assistance in establishing inhalable particulates, toxics, and acid precipitation monitoring networks in 1983.

In the water quality area we are developing a new initiative. Technology based controls will continue to be a floor, or a minimum requirement, for point source dischargers. An improved water quality standards program will provide an effective benchmark in evaluating where treatment controls and programs beyond the basic technological controls are required by allowing a more realistic assessment of environmental gains and economic costs.

Program changes will encourage States to obtain the necessary data and information to (1) adequately analyze the attainability of uses; (2) perform cost-benefit assessments to determine whether the incremental benefits of attaining the use bear a reasonable relationship to the incremental costs of going beyond technology based controls; and (3) set site-specific water quality criteria. We believe this approach will provide the most cost-effective and pragmatic approach to meeting our Nation's water quality goals.

In pesticides we will trim the backlogs in the registration and tolerances programs, reduce the time and effort required to review registration application and tolerance petition; reduce the time needed to review scientific data on FIFRA issues. This will lead to reduced costs for both the agency and the industry, and meet our statutory needs.

SUMMARY

In summary, our budget is both realistic and environmentally sound. We intend to pursue a forceful and results-oriented strategy. As I have continuously emphasized since taking office, we will focus on fulfilling our statutory mandates for environmetal protection, and on doing so in concert with the President's mandate to reduce Federal spending. Despite all the rhetoric that has been leveled at our budget proposals since long before they were finalized, fiscal responsibility and environmental objectives are not mutually exclusive.

Many of those who have made such charges have done so with exaggerated and inflated figures. But the facts refute such claims. This budget represents a cut in spending of 7 percent in the operating and Superfund programs and a reduction in personnel of 12 percent, not a cut, as some have claimed, of half the Agency's budget. One organization published a report claiming that 80 percent of the Agency's work force would be either downgraded or involuntarily separated within the next few months. Since March 1981, about 100 individuals have been involuntarily separated, and no separations due to the budget are planned for 1982. Those are the facts, and the detailed budget you have received supports them.

This administration's agenda is not a hidden one, but clear and overt—a strong Environmental Protection Agency to meet the environmental protection goals of the Nation. We intend to concentrate on our statutory mandates, reduce backlogs, implement the original intent of Congress by delegating to the States wherever possible, and improve and enhance the science behind our programs.

We believe we have developed a good budget, Mr. Chairman, an effective budget. Thank you for the opportunity to present it to this committee for its consideration and certainly we are prepared to respond to your questions.

Senator STAFFORD. Thank you very much, Ms. Gorsuch.

I must say that you certainly put a great deal of thought and effort into this statement you have made this morning. I am impressed by it. I think, even if there may be some disagreement as to some of the figures in this committee, that you certainly presented the matter very thoroughly to us and I compliment you and your senior assistants on the effort that has gone into making this budget available to us as you have done this morning.

Ms. GORSUCH. Thank you, Mr. Chairman.

Senator STAFFORD. Senator Mitchell, before we get to questions did you have any opening statement you might want to make?

Senator MITCHELL. No. In the interest of time, Mr. Chairman, I will forgo an opening statement.

Senator STAFFORD. It will be the Chair's thought that we try to limit ourselves to 10 minutes for questions and continue to rotate on that basis until everybody has had an opportunity to ask questions. Would that be agreeable with you?

Senator MITCHELL. Certainly, Mr. Chairman.

Senator STAFFORD. Since you and I are the only two here at the moment.

Senator MITCHELL. Even if we weren't it would still be agreeable.

GRANTS TO STATES

Senator STAFFORD. The Chair is going to attempt to use our supermodern, highly accurate timer which we had mixed results with last year. I see my time is running.

Ms. Gorsuch, would you explain in a little greater detail your analysis of changes in grants to States? Specifically what do you mean when you say that a greater percentage of grants funds is going toward implementation of State environmental programs? What other purposes are there for grants to States and where are the cuts that you are proposing in this area?

Ms. GORSUCH. It is a complicated sort of bookkeeping situation. I would like to defer to our Comptroller, Morgan Kinghorn, to explain that fully to the chairman.

Senator STAFFORD. We would be glad to have it done that way.

Mr. KINGHORN. Essentially what we are trying to indicate there is that all of the grant funds that were requested in 1983 are associated with basic air quality, water grants, and so on. Many other grants were involved, some in the solid waste programs that were being phased out by prior administrations and were phased out in January–March of this year, resource recovery grants, and other kinds of grants that clearly were not specifically provided to States to run operational regulatory programs.

Ms. GORSUCH. Just to elaborate, one example that comes to my mind is the clean lakes grants that you will recall were deleted by the 1982 budget. They were for a specialized purpose rather than the overall operational purpose—in this case of the Clean Water Act.

Senator STAFFORD. Thank you.

Does the 40-percent reduction in State grants take into account inflation? If not, can you supply the figure that represents the reduction when the reduced buying power of the dollar is accounted for?

Ms. GORSUCH. The 20 percent is based on clear mathematics. We refrained in all instances from manipulating anything beyond the purely mathematical. Certainly if we could agree on the figure that represents inflation, then I would be happy to apply that to the figure.

Senator STAFFORD. I hope we will make the inflationary figure as low as possible.

Ms. GORSUCH. Exactly. You know when we look at the Consumer Price Index as a measure of inflation I think we have to remember here that we are not buying automobiles. We are indeed buying continued State services and implementing environmental programs.

ACID RAIN RESEARCH

Senator STAFFORD. Let me skip over to another subject for just a minute. I notice that you are increasing acid rain research from $9 to $12 million. I am sure you are aware that the acid rain issue is one of great interest to Senators from the Northeast, especially the northern tier, and also it is an abrasive issue between this country and Canada as I am sure you are also aware. So I would ask how quickly you might hope for some results from acid rain research?

Ms. GORSUCH. Mr. Chairman, I will ask Kathleen Bennett to respond to that specifically.

Ms. BENNETT. Yes. Mr. Chairman, I was pleased to testify on that subject before this committee last fall. I outlined many of the research projects underway by the Agency. At that time I stated that there are several areas where we expect that there will be significant research results in the next few years. I am further pleased to report that we are meeting again tomorrow with the Canadians in furthering our negotiations with them on this very sensitive issue.

The increase in funding levels compared to 1981 is 67 percent. We feel very strongly that the President's call for acceleration of research in this area is an important one and we are committed to implementing his recommendation.

Senator STAFFORD. Do you feel that $12 million is enough?

Ms. BENNETT. Bear in mind that this is only a 1-year part of an overall program. Congress in 1980 authorized a $100 million program. The President has called for acceleration of this research. Some parts of this research cannot be accelerated. You cannot increase the speed at which a tree grows, for example. But other parts can be accelerated, the speed with which you provide additional data with which to exercise models and validate them.

Where we can accelerate we are accelerating. We don't expect this is the last year by any means we will have acid rain research. We expect this to be a continuing program over the next several years, aimed at the uncertainties we have in this area.

Senator STAFFORD. It would seem to this Senator that if possible we ought to try to get some interim data from the research that has been going on.

Ms. BENNETT. Under the terms of the Acid Precipitation Act passed in 1980 the interagency task force will be reporting to the Congress every year. The first such report was just made available. This first report tends to be more organizational than anything else, but next year we should have a very detailed report from that task group on the results so far. This will occur annually until the completion of the program.

Senator STAFFORD. Thank you.

Ms. GORSUCH. If I may, I have been informed that while our request is indeed an increase it is only part of the total dollars that are being invested Government-wide in the acid rain research. In fact, Government-wide there is the proposed request of $22.2 million, representing a 22 percent increase in fiscal 1983.

MONITORING OF STATE AIR GRANTS

Senator STAFFORD. Thank you.

In the air program we have been told by your staff, Ms. Gorsuch, that reductions in State grants will mean removing monitors from certain areas of the country. Isn't this part of a State's ongoing implementation of the air program? Are there other areas where State programs may be operationally curtailed or dampened?

Ms. GORSUCH. Definitely monitoring is part of what we look to a State for in terms of implementation of the Clean Air Act goals and objectives. I would like to defer to Kathleen again and perhaps Dr. Courtney Riordan to further explain the reduction monitoring.

Ms. **Bennett**. Mr. Chairman, in the beginning when monitoring was first begun we did not know as much about ambient air quality as we do now. We now find that a reductionsof perhaps one-third of the SO_2 monitors could safely be made because some monitors are located in attainment areas in the approved plans, others are improperly located and still other overlap.

We estimate that perhaps as many as one-half of the particulate monitors are no longer necessary. Again, either because of overlap, because of poor siting, or because the areas are in attainment and are not even close to nonattainment. We do, however, feel very strongly that it is very important to maintain the quality control program that we have in place and we have recommended a slight increase in this area to be sure that monitoring data is continued at the highest quality.

So it is elimination of monitors that are not needed.

IMPACT OF DIESELS

Senator **Stafford**. The National Academy of Sciences recently published the final report of the diesel impact study committee. The committee concluded that:

> Within the next 2 to 5 years additional information and understanding on health and environmental effects are likely to be forthcoming. In 2 to 5 years a more informed decision can be made about the impacts of dieselization.

You stated that EPA work on diesel particulates have been concluded. Does this mean that the Agency now has all the information the Academy anticipated would be available in 2 to 5 years? Does the Agency have an adequate scientific data base upon which to base regulations and standards or are there major uncertainties remaining which should be addressed?

Ms. **Gorsuch**. Again I would defer to Courtney Riordan.

Dr. **Riordan**. Yes. That statement refers primarily to the data that we have generated relative to diesel particles and the impacts of toxicological tests. We have research ongoing that will not be completed until 1983. But we have presently funded studies which in our estimation will provide us with all of the data that we could possibly use in carrying out a risk assessment in order to predict what possible health effects might be generated by diesel particle emissions.

Recognizing that we do not have the epidemiological data that would be the ideal in terms of making a decision relative to possible impacts, we are relying upon batteries of short-term tests and toxicological tests and the extrapolation of these to human health effects. We feel that we have adequately funded the studies that will provide the data necessary to make those judgments.

HEALTH EFFECTS INSTITUTE

Senator **Stafford**. What is the status of the Health Effects Institute which was established with the cooperation of the private sector to study pollutants and what is the funding level for it in fiscal year 1983?

Dr. **Riordan**. In 1983 there is no money in the budget. However, what we have done is funded the Health Effects Institute with $1 million out of the 1981 budget. The institute presently is organizing itself. We recently communicated to the institute what we consider to be our research needs in the area of mobile source emissions health effects research. What we have done is worked out an agreement whereby we will arrange funding for the institute as they generate research plans and propose them to the joint funders, namely the automobile industry and EPA.

We think the best way to operate with the institute is on a pay-as-you-go basis and to provide the money as they suggest the projects that everybody agrees are appropriate.

Senator **Stafford**. Do you anticipate setting up similar programs with private sector involvement to supplement the environmental research and development activities where funds are being reduced?

Dr. **Riordan**. I can address the control technology area. I think we very definitely would like to look to the private sector as a participant in examining movement of technology beyond, say, the pilot scale. In our earlier budgets, some of which have been referenced, we have had extensive moneys that would have been devoted to demonstration scale technologies, we now anticipate that we would cooperate with industry and restrict EPA participation in those sorts of endeavors to the evaluation and assessment control technologies, when they actually get into the demonstration phase. So that is one area that we anticipate.

Dr. **Hernandez**. Mr. Chairman, I think there is going to be a lot more of those. I think many different groups in American industry, American waterworks associations, it is not association of water suppliers, but of people who work at them, their membership contributes to a research organization which we have close liaison with and understand what they are doing.

The Electric Power Research Institute is another one of those where we have close liaison so that as we take on projects we know that there is not some kind of redundancy between our activities. If we go out of an area to some degree and they feel they are still concerned, these groups do pick up part of the research effort. So I think we will see much of that happening.

Senator **Stafford**. Thank you very much.

Senator Mitchell.

BUDGET REDUCTIONS

Senator **Mitchell**. Thank you, Mr. Chairman.

Ms. Gorsuch, I would like to ask a few questions about the reductions in operating programs. You said on the first page of your statement that compared to 1982 our 1983 budget for the operating program and superfund represents a 7 percent reduction in dollars. On the next page you indicate that there has been a 21 percent increase in superfund spending. So if we exclude the superfund the operating budget is being cut by 12 percent. Isn't that correct?

Ms. **Gorsuch**. That is correct, Senator.

Senator **Mitchell**. It is true, is it not, that there was a 17 percent reduction in the previous year from the budget prior to that?

Ms. **Gorsuch**. I am informed that that is approximately correct. Yes.

Senator MITCHELL. So this 12 percent reduction follows a 17 percent reduction in the first year. In addition to that, while you said quite rightly that we can't tell for sure what inflation will be, we do know there has been inflation in the past, do we not?

Ms. GORSUCH. I would concede that. Yes.

Senator MITCHELL. We also know that for calendar year 1981 inflation in this country was just slightly below 9 percent. Isn't that correct?

Ms. GORSUCH. On that I would really leave it to the experts, Senator. But for hypothetical purposes I will be happy to agree.

Senator MITCHELL. It is not hypothetical. It is a published fact. If you are prepared to accept that and we also know that the President is projecting inflation for this year at somewhere between 5 and 6 percent, don't we?

Ms. GORSUCH. Yes, Senator.

Senator MITCHELL. So at a time when inflation was 9 percent in 1981, it is likely and we certainly hope that his projection comes true, that inflation will be between 5 and 6 percent this year. That is an aggregate of about 14 or 15 percent; the EPA budget has been cut 17 percent and then 12 percent. Is that correct?

Ms. GORSUCH. The budget has been cut by Congress approximately 17 percent when looking at the operating budget only.

Senator MITCHELL. That is right.

Ms. GORSUCH. In 1982. Likewise, yes, we are proposing for your consideration a 12 percent reduction in our operating expense for 1983.

Senator MITCHELL. So the aggregate, if we accept these figures is 17 plus 12 in the budget, 29 percent over 2 years at a time when inflation is running approximately in the aggregate over those 2 years up as much as 15 percent. Isn't that true?

Ms. GORSUCH. Senator, when you start adding percentages you really get into bad math. But, yes, we did propose Congress did authorize, an operating budget in 1982 that was approximately 17 percent less than the preceding years's proposal.

Senator MITCHELL. That is right. Proposal. I understand that.

Ms. GORSUCH. Likewise we are requesting for your consideration a reduction in our operating budget of 12 percent for 1983.

Senator MITCHELL. That is right.

Ms. GORSUCH. Likewise, I concede readily that there has been an inflation factor that was present in 1981, continuing at a lesser inflation factor which we are expecting in fiscal year 1982.

Senator MITCHELL. What I am suggesting to you is that if you cut the budget 17 percent when inflation is at 9 percent, and then follow it up with a budget cut of 12 percent when inflation is 5 or 6 percent, there are many of us who seriously challenge the conclusion that you reach that this will have no effect on the ability of the EPA to legally perform its mission.

Ms. GORSUCH. Senator, I would just say I understand that frame of reference. I would strongly invite you to look at the specifics of the budget because I don't believe that it is fair to conclude that a reduction in budget is necessarily a quid pro quo reduction or default on any regulatory mandate. As I indicated we have been very careful.

It was our highest priority to, first, follow the statutory mandates that have been given to us by this Congress and, second, wherever possible to clear up the backlog we inherited.

ENFORCEMENT CASES

Senator MITCHELL. I just want to say that I would not make the assertion and do not make the assertion that merely cutting a budget necessarily means there follows inexorably a reduction in effectiveness. But let's look at the specifics. You and I have discussed enforcement before. In 1980 EPA referred 252 cases to the Department of Justice. In 1981, EPA referred 78 cases to the Department of Justice. In 1980, EPA regional offices forwarded to the EPA Central Office in Washington 313 cases for enforcement, in 1981 that declined to 66. I understand what your position is that you are just now concentrating on the big cases.

But I think the same thing can be true——

Ms. GORSUCH. No.

Senator MITCHELL. What I say could be drawn from that is that you are not enforcing the law.

Ms. GORSUCH. Senator, I would like to have Bill Sullivan address your concern and then I have some other figures here that I believe will elaborate on that.

Mr. SULLIVAN. Senator, I think I share your concern that we are not bringing cases forward in enforcement as rapidly as we would like.

First, the statement I think needs to be made is that whatever problem there is in enforcement is not a budget problem. We haven't reduced the staff. We haven't run into any money problems.

I think the kind of problems we have are in the nature of a couple of things. One is the maturity of the program and the changing role of enforcement.

One thing in the figures just quoted which are accurate for the calendar year. It should be noted that 66 cases were forwarded to the headquarters.

We actually forwarded 78 on to the Department of Justice. So not only did we expeditiously handle those cases which arrived in headquarters, we managed to move out more than we got in.

Another interesting statistic is that historically the Department of Justice has been able to carry through and conclude no more than 202 cases in any single year. Last year in 1981, 195 cases were concluded.

Senator MITCHELL. In what way? How were they concluded?

I have been a prosecutor most of my life. You can conclude a case in a lot of ways.

Mr. SULLIVAN. Either by consent decrees between the parties or by the case going to trial, not concluded by withdrawal.

Senator MITCHELL. Not one of them was withdrawn?

Mr. SULLIVAN. Not one of the 195 was concluded by withdrawal. I think another statistic in terms of what has happened in the past in the Agency that is interesting is if you look at the 1978 figure, for example, 412 cases came to headquarters, 363 went to the Department of Justice, 159 were filed.

One of the things that you find when you start looking behind these numbers is that the quality of the case that was brought forward to headquarters and sometimes the quality of the case that was referred to the Department of Justice was not high.

There has not been as much concern about the evidentiary base either connecting the responsible party to the infraction or establishing the violation as I would like to see in order to improve our chance of success when litigation is commenced.

There are 101 cases at the Department of Justice that remain on file today. We will get reports back saying awaiting additional information from the EPA.

I have taken the position we should not refer to the cases to the Department of Justice until we have the information and the evidentiary base that will allow them to proceed expeditiously. So getting behind the numbers is important.

Now we went through an organizational change that I think resulted in some confusion in the regions and resulted in some delay on the bringing of cases forward.

We have noticed a substantial turnaround in the past few weeks. The completion of the reorganization did not take place until December 28 when all of the enforcement lawyers began reporting to me.

The survey as of yesterday indicates that we currently are processing—moving forward to referral to the Department of Justice—60 cases.

I think we will handle more than that. I am not sure they will all be referred. It compares favorably with the first quarter in most past years. So those numbers are turning around.

Frankly, I have mixed feelings on the one hand I would love to refer 60 cases to Justice because I could come here and show you we are not afraid to refer cases.

On the other hand, I would like to settle the 60 cases on an environmentally sound basis. One of the things that gives me pause, if you look at a very high profile case, the Hooker-Hyde Park case at Niagara Falls, N.Y., that case was filed three years ago, was settled well over a year ago, the settlement is still going under review by the judge and not one bit of environmental cleanup has occurred over that period.

As a prosecutor, you know that going through the court is not the most efficient way to resolve the problem if there is an alternative. Often there will not be.

I recognize that we need to make it clear to the regulated community that we are prepared to go to court. I think it is also important that we show them that we are going to court well prepared and we are going to win.

ENFORCEMENT ACTIONS

Senator **MITCHELL**. Let me ask you a question.

I have before me a memo dated February 10, 1982 from Dr. John A. Todhunter, Assistant Administrator for Pesticides and Toxic Substances to regional administrators in which he says:

> . . . in accordance with agency guidance if a violation does not evidence intentional or repeated disregard for the law and where appropriate corrective action is taken, no enforcenent action should be undertaken.

That seems to me to represent a policy of not taking enforcement action under certain circumstances where enforcement action existed before.

Let's take a single case where there was a very significant violation. That may not have been intentional and it may not have been repeated. That means there is no enforcement; is that correct? There is no qualitative analysis.

Mr. SULLIVAN. I am not going to give a yes or a no because I think what you are pointing to represents one of the organizational problems that we are coming to grips with now.

There is a desire on the part of the administrator which I share to hold an assistant administrator responsible for implementation of his or her entire program.

In following that up, in dividing up the responsibility for what historically has been a pure enforcement responsibility, the ground rules as we are working on them now are that the program makes the initial cut of what represents a substantial environmental infraction. The program office has the expertise and the policy responsibility to determine how they want enforcement targeted in the area.

Once the case gets into the legal stream, once it is referred for action as an enforcement case, there must be close coordination between my staff and program offices. We are clarifying organizational roles with memoranda now being developed.

Senator MITCHELL. Mr. Sullivan, my time is up. I don't want to intrude on any other Senators, but I would like to ask one thing.

Is Dr. Todhunter here?

Ms. GORSUCH. He certainly is.

Senator MITCHELL. Can we ask him what he meant? He is the one who wrote it.

Dr. TODHUNTER. Certainly. An enforcement action as described in that memo refers to some administrative filing which would lead to developing a case to be referred to the Office of Legal and Enforcement Counsel.

Our general instruction to the region is that what they first must do is try to correct the environmental problem that may result from the particular infraction. We are often dealing with something that is purely in the nature of a technical violation. We don't feel it is a good expenditure of the taxpayer's dollar to take a formal enforcement action every time someone misunderstands the rule and violates a law.

Our instruction is, first try to correct the problem. Then, if that does not work, we will take appropriate administrative action and this is normally referred to as enforcement action.

In these cases where an enforcement case was not developed we would be developing memoranda for the record so that if the infraction occurs, we could issue an administrative warning.

Senator MITCHELL. No matter how serious the violation, if corrective action can be taken, there is no enforcement?

Dr. TODHUNTER. No. Of course not.

Senator MITCHELL. What your language says is that the violation does not evidence intentional or repeated disregard. That means if there is no intentional violation, it is a first offense, no matter how serious it is you don't bring enforcement action. Isn't that what that says?

Dr. TODHUNTER. Regional administrators and I have discussed this sort of subject and they are competent professionals who know how to exercise judgment in these matters to distinguish between important environmental infractions and those that are not.

Senator MITCHELL. All I can say is, Dr. Todhunter, that may be the understanding between you and they orally, but that is not what this says in writing and you wrote it.

I will go on. I will come back, Mr. Chairman. I don't want to intrude on other people's time.

BUDGET REDUCTIONS

Ms. GORSUCH. Senator, with indulgence of the Chair, along this subject matter there are further numbers that may be of interest to the Senators which we could provide now or later during the second round.

Senator STAFFORD. You can go ahead now.

Ms. GORSUCH. Thank you, very much.

I would defer to the comptroller.

Mr. KINGHORN. There are many numbers within the budget, and it is indeed hard to go through all these numbers at length and pull them together. I did provide this information to your staff recently at their reguest. We pulled together essentially the enforcement programs within the program offices.

The bulk of our resources in enforcement, approximately 1,100 out of 1,400 work years, are in the program offices. That was part of the reorganization.

If you go through the budget, pull out the outputs in that budget based on the resources in 1981 through 1983, in nearly every significant case, the outputs in 1983 are very close to 1982, in some cases higher than 1982 and in many cases result in a historical trend.

For example, in the hazardous waste area, for facility inspections in 1981, for instance, we are about a little under 2,000, in 1983, we are going to have about 3,000 inspections between ourselves and the States.

Another example is facility permits issued. There was 1 issued in 1981, we will be issuing over 1,000 in 1983. Obviously, that is a large increase in output with a slight decrease in input. But there were a lot of people in 1981 doing something other than one permit. So I think if you go through the budget, in the bulk of the enforcement resources, you will find relatively stable outputs in cases where we are trying to prioritize the work, increase the outputs.

The number of nonmunicipal permits issued in the water program range from 81 to 229 to 200 in 1980 and 1983. At your request, we would be happy to go through these specific outputs with all of your staff on the committee.

Senator **Stafford**. Thank you, very much. I think we will move on.

We are going to have second rounds.

Senator Symms, do you have questions? Or a statement or both?

Senator **Symms**. Thank you, very much, Mr. Chairman.

I do just want to make a couple of brief comments.

Senator **Stafford**. Let me say we are running on the 10-minute rule here.

Senator **Symms**. I think I can get it all done in 10 minutes and ask my questions in even less.

I am sorry I wasn't here for the start of the hearing but as you know, we have both Budget and Finance Committee meetings today and I have a conflict here. But just coming from the Budget Committee, it is very obvious to me, Ms. Gorsuch, that we do have a lot of hard questions and issues to face this year. I know there are some members of this committee who have indicated that they want to increase the EPA budget but I think it is worthy to note that the EPA budget had an average increase from 1977 through 1981 of over 15 percent per year, as you are well aware, I am sure.

With a brief scan of this thing, I have come up with $130-plus million that I think you still ought to cut out of the budget.

I wondered if you would comment on some of these.

WATER GRANTS

For example, on the water grants, where there is no cost sharing, at the State and local level, how can we in view of the fact that we have—I know $131 million when we are talking about a $700 million budget becomes an infinitesimal item in Washington but in a State like Idaho, people keep telling me that $131 million here and there adds up to real money.

How can we continue to justify water grants where there is no local cost sharing in view of these constricted budgets?

Ms. **Gorsuch**. Senator, there is no, as you point out, double cost sharing. In many instances the Federal contribution is met and matched and in some cases more than matched by the State allocation.

I cannot give you an overall average of what that is in water. It is our intent here to reduce the Federal commitment to the environmental operation of the States on a gradual basis. The suggested reduction is approximately 20 percent in those areas which are nature programs We are trying to keep it at something less than that in RCRA, for instance.

R. & D. CONTROL TECHNOLOGY RESEARCH

Senator **Symms**. To go on, another area that we were looking at is that the budget retains funds for these research and development projects to develop environmental control technology.

It would seem to me there is plenty of incentive for the electric utility industry to develop those kinds of control technologies without having EPA trying to subsidize it.

I would think that is something we ought to consider taking out of the budget. A lot of it, I guess, goes to universities. I am sure they can all make a case that they need the money, but are we really getting anything out of this or is this just another way to pump money out into academia. In my State, jobs are the problem. I don't hear very many people talking about anything but jobs and that relates to interest rates. Another one, for example, $3 million for building facility account.

I thought we had less people at EPA from that I read in the Washington Post. Is that incorrect?

Ms. GORSUCH. You cannot believe everything you read in the funny papers, Senator.

We are putting a reduction in the work force. But in terms of those two specifics, I would like to refer to Courtney Riordan, in our research and development area, on the control technologies question.

Dr. RIORDAN. Overall, the control technology research program in ORD has been cut a great deal.

Senator SYMMS. Why don't you cut it out completely?

Ms. GORSUCH. The reason, I believe, is that we have now directed the work in an area that is more of a seed approach to control technology.

What we do is basic benchwork, and at pilot scale in the area to see if, in fact, there may be possibilities for improved efficiencies.

Senator SYMMS. Who is getting subsidized for that money?

Ms. GORSUCH. That money has typically gone out on competitive procurements which go to a contractor rather than to a grant program.

Senator SYMMS. Are they just doing reports or is there actually something being done?

Ms. GORSUCH. That is work which will be done, devices built and experiments conducted. There will be reports issued. That is work planned in 1983.

BUDGET REDUCTIONS

Senator STAFFORD. Senator, I was just going to say we understand you had to be at the other committee this morning, but I wanted you to know that Ms. Gorsuch made a very spirited defense of her budget.

Senator SYMMS. I want to make the point here that I support her budget but I personally would be happy if you cut another $100 million plus out of it.

When I hear people talk about increasing, I just want to make that point, Mr. Chairman. I am not going to ask any more about this, but they have a lot of places in this budget that I think still has a lot of fat in it.

Despite what we have heard, I think the EPA grew at a very rapid rate during the preceding administration. I support your idea of trying to have good environment but use the resources we have because I think we have a pollution of our private economy in this country that is much greater than any risk that we face in the environment.

If we cannot bring interest rates down, get people back to work, you are very aware of what happened in the Kellogg area in my State because I know you visited there. But we have a much worse environment in Kellogg now than we ever had before EPA and everyone came in years ago and started screaming about the dirty air. Now we have people who are unemployed. That causes a great deal more trauma than the problems we had before.

Senator MITCHELL. Would the Senator yield?

Senator SYMMS. Yes.

Senator MITCHELL. Is it your assertion that enforcement of the environmental laws causes interest rates to remain high?

Senator SYMMS. No; It is my assertion that when we spend $131 million in many little agencies of the Government and we could get by without sending that much, we force the Government to borrow money. I just came from hearing Mr. Stockman testify and they are talking about borrowing enormous amounts of money to finance the Government.

It is just one point that I will support the administration in their budget but I want to make the point here that if somebody really wanted to get tough, I think you could easily wring another $100 million out of it and nobody would ever miss it, as far as the job you will be doing to protect the environment and see that we have clean air.

I do want to bring up another issue if I have another minute or so.

Senator STAFFORD. Yes. You have several minutes.

REGULATORY REFORM

Senator SYMMS. One of the major emphases is the Vice President has been assigned a task of regulatory reform. Maybe you testified on this. Please say so. I can read it from your testimony. But have you outlined for the committee what the EPA's agency's effort is to make the regulatory reform so that we have a Government that is more cooperative with the producers in the country?

Ms. GORSUCH. Senator, I have not testified on that particular subject matter in front of this committee.

The Environmental Protection Agency obviously has a centerpiece opportunity for performance in terms of regulatory reform.

As you may know, Vice President Bush wrote to regulated independent industry States and local governments asking them to identify those rules and regulations which were the most onerous.

In terms of the response; more than one-half of the response received was related to the Environmental Protection Agency's rules and regulations. We have undertaken major regulatory reform initiatives in cooperation with the Vice President's task force. We are committed to full implementation of the President's Executive order in terms of both developing and reviewing the regulations which we have on the books.

I would like to make a point that I think is misunderstood either purposely or perhaps inadvertently by some. When it comes to environmental regulations, we are not talking about deregulation. We are not talking about with a reversal of the Federal role.

We are talking about rationalizing the regulations which we have on the books. Every one of our program areas is dedicated in its own particular area of responsibility to undertaking a rationalization of the regulations.

In terms of our performance to date, we are asking for $4.8 million for regulatory reform activities in our hazardous waste program.

As you may know, our hazardous waste regulations define hazardous waste generically without any real examination as to the degree of hazard that a particular waste might pose. So that we find we have a regulatory program that in some instances overregulates some ways and underregulates others. We are asking for funds to better tailor a regulatory program in hazardous waste and to complete regulatory impact analyses started in 1980.

Another example is the additional money that we are asking for to perform a better analysis for the analytical tools that we need in terms of making hazardous estimates in toxics.

Those are two budgetary examples that come to mind. I don't mean to bore the other members of the committee.

The third priority that I gave to each of our managers in terms of our overall budget was regulatory reform. So we have a keystone place to play in that in terms of this administration's commitment, and each of our managers understands it.

We think it is reflected in our 1983 budget request.

Senator SYMMS. Thank you. I hope so; that we are going to continue to work toward a balanced approach on this because I think Senator Mitchell raises an important point.

If we do things because of too adversarial an attitude and cause unemployment, every 1-percent increase in unemployment costs $25 billion out of the Federal budget and when it is all in the red, and it looks like it is going to be in the red for the foreseeable future, we are talking about borrowing that money.

It is, I think, critical that we produce our way out of the economic mess we are in. We cannot do it if our regulators are too adversarial from the Federal level.

I raise this issue for my last question—if I have just a second more, Mr. Chairman—about predatory control.

In the past, EPA has been a major impediment to the use of rodenticides and predacides but the livestock producers in my State and other Western States are losing sheep and cattle to coyotes.

We definitely need compound 1080 in the West. What I want to know is to what extent EPA cooperates with the Interior Department's animal damage control program.

Ms. GORSUCH. I would like to have John Todhunter respond specifically to that question.

Dr. TODHUNTER. Thank you.

The relationship between the Environmental Protection Agency and the Department of Agriculture, as you, Senator, are well aware, has been somewhat less than harmonious in the past.

We have begun to try to reestablish the dialog between ourselves and the Department of Agriculture. We have in some cases recently delayed taking a regulatory final decision pending receipt of additional information from the Department of Agriculture with respect to particular predacides used on rodents.

We are also moving to try to open up our door with the Department of Interior, a relationship, which in the past, has not been the best, at least from the standpoint of trying to control some of these populations. So we are in the position where we are now trying to examine the issue of whether compound 1080, which you mentioned specifically, can under any circumstance be registered for coyote control. This is the subject of a subpart D hearing.

Senator **Symms**. I would encourage you to expedite that because I think we know that it can be used safely and with no damage to the environment or to other forms of wildlife if it is done properly.

We don't want to wait until the last sheep is seen going over the horizon and we don't have a sheep industry left.

We have already cut it in half and the coyotes have a large part of it.

Dr. **Todhunter**. The Department of Interior cooperated with us in having the informal informational hearings which led to the development of the information which is now being considered or will be subject to consideration in the subpart D hearing.

So I think we have been cooperating with Interior on this.

Senator **Symms**. I thank you, very much. I am sorry for going past my time, Mr. Chairman. I appreciate it.

Senator **Stafford**. Since Senator Chafee cannot be here, the questions that he would have asked were he here we will ask you to respond to in writing if that is agreeable. (See p. 198.)

PREDATORY CONTROL

Ms. **Gorsuch**. Thank you, Mr. Chairman.

May I add, I know the Senator has gone, but it is merely for the record. In terms of the current status on the question of the use of the compound 1080, I have exercised quasi-judicial powers. In that regard, we conducted informal hearings to determine the threshold question when there was such new information available to the Administrator. New information that was not available when the Administrator made their original decision on the restriction of that compound to allow or permit for additional considerations in the quasi-judicial nature of the question.

We have published a Federal Register notice which indicates we feel there is additional new information which should be considered. I now sit as a judge in this particular regard—the Federal Register notice sets forth the hearing dates on which interested parties can make a record.

As I recall, the total calendar terminates the hearing sometime in the fall of 1982 following which, based upon that record, a decision will be made as to the future use or nonuse or restricted use of that particular compound.

Senator **Stafford**. Thank you very much, Ms. Gorsuch. In order to accommodate Senator Mitchell, who needs to schedule another committee, I will recognize him for a second round of questions.

Senator **Mitchell**. Thank you, Mr. Chairman.

I apologize to you. Secretary Regan is testifying before the Finance Committee, of which I am a member. That is where I think several of the other members are. I have to go to that to hear some of that testimony.

I appreciate your accommodating me. I will be leaving after this brief series of questions.

ACID RAIN RESEARCH

Ms. Gorsuch, the chairman raised the question of the research in acid rain and you responded to the questions. I would like to ask two things. First, I wonder if you would provide to me and the committee in writing a specific description of those research projects, programs or studies or by whatever name they are called, that are contemplated to be funded by the $12 million that you are talking about, with some indication of the subject matter at study and when it will be completed, so that we can have some idea of when the sequence of studies presently being funded will yield their results and we can see what they have to say.

Is that possible to do?

Ms. **Gorsuch**. Senator, we have that both here in a cursory form. We can provide some more detailed information.

The one thing I would caution against is, as Ms. Bennett has testified, there are projected dates where we feel we will have significant results. We are expecting that.

Completion dates are something else. It would be irrational for us to say we expect complete as being totally finished in all research in a particular area, but we have the information as I said here in a cursory manner. Likewise, we can give you a very elaborate report both by the interagency work group and our expectations which are formulated in Ms. Bennett's testimony. She may wish to add to that.

Ms. **Bennett**. I was only going to say that Dr. Riordan, head of the Office of Research Development, and I will join. The research is, of course, performed under the Office of Research Development. We will work together to see that you get it.

[The information requested follows:]

Acid Deposition Studies

All of EPA's acid deposition research is planned under the Federal Interagency Task Force on Acid Precipitation. The detailed project planning for EPA's proposed $12 million dollar budget for Fiscal Year 1983 is now proceeding under the Task Force. Detailed project descriptions are now being written, to be reviewed by the appropriate Federal Task Group and made available to the Task Force's Program Coordination Office by April 15, 1982. The preparation of a detailed integrated operations plan for all Task Force funded research is targeted for completion by May 15, 1982. A more general, but detailed, description of the research program, duration of projects, and planned special assessments and analyses (the interpretation of research for policy analysis) in the program's first five years can be found on pages 22 through 26 of the First Annual Report to the President and the Congress of the United States of the Interagency Task Force on Acid Precipitation that was sent to the Chairman of this committee on February 19, 1982. I am attaching a copy of these pages for the record. Another summary of research results anticipated over the next three to five years is available in the statement of Kathleen M. Bennett before this committee on October 29, 1981.

NATIONAL ACID PRECIPITATION ASSESSMENT PROGRAM
SUMMARY OF RESEARCH

Research Task (Coordinating Agency)	Priority	Duration (FY)	Agency Involvement* (Participating = 1) (Contributing = 2) DOA	EPA	NOAA	DOI	DOC	DOE	NSF	TVA	Other
A. Natural Sources (NOAA)											
1. Analysis & Assessment of Natural Sources of Acidity	1	1981-1986		2	1	2		2	2		NASA
2. Studies of Neutralizing Materials in the Atmosphere	1	1982-1987	2	2	1			2	2	2	NASA
B. Man-Made Sources (DOE)											
1. Developing Models for Emissions & Economic Analysis	1	1982-1990		1				1		2	
2. Synthesizing & Integrating Information on Emission Sources	2	1982-1985		1				1		2	
C. Atmospheric Processes (NOAA)											
1. Research on Long-Range Transport & Dispersion	1	1982-1987		1	1	1		2	2	2	NASA
2. Determining Global & Regional Circulation of Acidic Materials	1	1980-1986		1	1			1	2	2	NASA
3. Investigating Chemical & Physical Transformations	1	1980-1990		1	1			1	2	1	NASA
4. Research on the Scavenging of Particles & Gases by Clouds	1	1980-1990		1	1			1	2		NASA
5. Improving Modeling Data Bases	3	1981-1985		1	2			1		2	
6. Improving Computer Simulation	1	1980-1985		1	2			1			

* Note - Agencies are considered participating in a task when they have resources specifically committed to it. Contributing agencies are ones conducting work that is relevant to the task but not directly involved as principals in the project.

SUMMARY OF NAPAP RESEARCH
(Continued)

Research Task (Coordinating Agency)	Priority	Duration (FY)	Agency Involvement (Participating = 1) DOA	EPA	NOAA	DOI	DOC	(Contributing = 2) DOE	NSF	TVA	Other
D. Deposition Monitoring (DOI)											
1. Development of Global & National Trends Networks	1	1980-1990	1	1	1	1		2		2	
2. Expansion & Improvement of the Research Support Networks	1	1980-1985		2	1	1		1		2	
3. Developing Methods for Dry-Deposition Measurements	1	1982-1985	2	1	1	2		1		1	
E. Aquatic Impacts (EPA)											
1. Monitoring National & Regional Water Quality	1	1982-1987	1	1		1				1	
2. Determining Factors that Control Lake Susceptibility	1	1980-1985	1	1		1			2	1	
3. Determining Relative Contribution of Nitric and Sulfuric Acid Inputs	1	1981-1986	1	1		1			2	1	
4. Evaluating the Significance of Mobilization of Toxic Metals	2	1982-1987	1	1		1		2		1	
5. Modeling Watershed Dose/Response Relationship	1	1981-1986	1	1		1		2	2	2	
6. Studying Acidification of Drinking-Water Sources	1	1980-1984		1		1					HHS
7. Monitoring Drinking-Water & Evaluating Treatment Methods	2	1983-1986		1		1					HHS
8. Monitoring Regional Trends in Biological Effects	1	1980-1984		1		1				2	
9. Studying Watershed Productivity	1	1980-1990	1	1		1		2	2	1	
10. Identifying Vulnerable Growth Stages	1	1980-1985		2		1		2	2		
11. Studying Metal Contamination of Fish	2	1981-1983		2		1		2			
12. Analyzing Mitigation Strategies for Acidified Lakes	3	1984-1989	1	1		1				2	

SUMMARY OF NAPAP RESEARCH
(Continued)

Research Task (Coordinating Agency)	Priority	Duration (FY)	Agency Involvement (Participating = 1) (Contributing = 2) DOA	EPA	NOAA	DOI	DOC	DOE	NSF	TVA	Other
F. Terrestrial Impacts (DOA)											
1. Studying Effects on Growth & Productivity of Forest Trees and Range Plants	1	1980-1990	1	1		1		2	2	1	
2. Identifying Vulnerable Growth Stages in Plants	1	1980-1990	1	2				2			
3. Investigating Effects on Metabolic Functions and Cellular Structures	1	1982-1992	1					2	2		
4. Analyzing Acid Deposition Induced Predisposition of Forest and Range Plants to Diseases and Insects	1	1982-1987	1	2							
5. Studying Growth & Productivity of Major Crop Plants	1	1980-1985	1	1		1		2	2	1	
6. Developing Dose-Response Relationships for Crops	2	1982-1987	1	1				2		2	
7. Investigating Acid Deposition Induced Predispositions of Crops to Susceptibility to Diseases and Insects	3	1982-1987	1	1							
8. Analyzing Metal Contamination of Crops	3	1982-1984	1					2			HHS
9. Characterizing Soil Vulnerability	1	1982-1985	1	1		1					
10. Studying Effects on the Ability of Soils to Support Vegetation	1	1980-1985	1	1				1	2	2	
11. Analyzing Soil Degradation Mechanisms & Mitigation Measures	3	1982-1987	1	1							
12. Analyzing the Buffering Capacity & Response of Watersheds to Acid Deposition	1	1981-1986	1	1		2		2	2	2	

SUMMARY OF NAPAP RESEARCH
(Continued)

Research Task (Coordinating Agency)	Priority	Duration (FY)	Agency Involvement (Participating = 1) (Contributing = 2) DOA	EPA	NOAA	DOI	DOC	DOE	NSF	TVA	Other
Materials & Cultural Resources (DOI)											
1. Investigating Effects on Materials and Cultural Resources	1	1980-1985		1		1	2				GSA;DOD
2. Determining the Susceptibility of Cultural Resources	1	1982-1987		1		1	2				GSA
3. Estimating the Costs of Materials Damage	2	1984-1987		1		2	2	2			GSA
4. Research on Protective Coatings & Mitigative Treatments	3	1983-1986		1		1	2				GSA;DOD
I. Assessments & Policy Analysis (EPA)											
1. Ongoing Integrated Assessment of Acid Rain Information and Policy Implications	1	1982-1990	2	1	2	2	2	1	2	2	
2. Compilation and evaluation of control and mitigation measures	1	1982-1990	2	1	2	2		1			
3. NAPAP Technical Information Collection and Dissemination	1	1980-1990	1	1	1	1		1	2	2	
4. Preparing Critical Assessment of Current Scientific Knowledge and Policy Implications	1	1981-1983	2	1	2	2		2	2	2	DOS;HHS NASA

SUMMARY OF NAPAP RESEARCH
(Continued)

Research Task (Coordinating Agency)	Priority	Duration (FY)	Agency Involvement (Participating = 1) DOA	EPA	NOAA	DOI	DOC	DOE	(Contributing = 2) NSF	TVA	Other
5. Special Assessments and Analyses (Program's First 5-Years)	1	-- --	1	1	1	1	2	1	2	1	DOS;HHS NASA
a. National Survey of Sensitive Lakes and Streams (EPA)		1982-1983									
b. Deposition Monitoring Strategy (DOI)		1982-1983									
c. Analysis of Trends in Acid Deposition (EPA)		1983-1984									
d. Atmospheric Processes Analysis (NOAA)		1983-1984									
e. Effects on Agricultural Terrestrial Systems (DOA)		1983-1984									
f. State of the Art in Control Technology (EPA)		1983-1984									
g. Man-made Sources Assessment (DOE)		1983-1984									
h. Effects on Nonagricultural Terrestrial Systems (DOA)		1984-1985									
i. Damage Assessment for Materials and Cultural Resources (DOI)		1984-1985									
j. Natural Sources Assessment (NOAA)		1984-1985									
k. Second Critical Assessment of Scientific Knowledge and Policy Implications (EPA)		1985-1986									

Senator MITCHELL. Thank you. I understand, obviously, all you can give us is your best judgment. Certainly I have no intention of trying to insist any dates can never be changed. I want to ask a more substantive question. As you know, we have been through this many times, privately, publicly, we have very strong disagreement on the subject. I don't intend to rehash that disagreement now. Stated briefly, I believe we do know enough now to act and that the legislative program to deal with the problem of acid rain that I have proposed, or at least some form of it, is appropriate, and your position is, and I respect your position, that you don't think we know enough now to act. My question to you is, I would like to have you tell me as precisely as you can when it is that you feel that you you will be in a position, when will you have enough information to make a determination that some action should be taken, or, conversely, if you are persuaded that there is no evidence to support the position that nothing should be done? In other words, your position now is we have got to study it more. What I would like to know is when will you have enough information to say, " All right, we have studied it enough now, we know enough, here is what we should do. Here is what we shouldn't do."

Ms. BENNETT. Yes, Senator. As I previously testified, we expect that we will have fairly significant results over the next 2 to 3 years, and we think this will probably guide our further deliberations. In fact, it is being developed so that our deliberations will be guided.

We don't think that it is necessary to wait until we know absolutely everything because that might be never, but on the other hand, we do feel strongly that we need to know more than we know now.

As I testified before this committee, the uncertainties in this area include the causes of acid deposition, the location of the effects, the means whereby these effects occur, in fact, the quantification of the problem that we are trying to solve is one of the areas of uncertainty.

Finally, the kinds of remedies or options that might be available to ameliorate it. We don't need to wait until everything is known, but we do need to have some of these questions resolved further.

Senator MITCHELL. Have you just said that the answer to my question is 2 or 3 years from now?

Ms. BENNETT. Within 2 or 3 years we expect to have some very important findings which will help guide us. It is possible that those will suggest further activities that are necessary, it is possible they won't. But I would underscore the fact that in the meanwhile, we are not doing nothing. We do have this research program underway. Further, we do have the most aggressive Clean Air Act that the world has ever known, which is in fact securing reductions of the emissions of pollutants thought by most to be the causes of acid deposition. That work is going on. That continues to go on, irrespective of the absence of firm recommendations from the scientific community as to what in addition might be necessary.

Senator MITCHELL. There is some dispute about that. I won't get into that. I want to understand clearly what you are saying, is that in 2 or 3 years, we will know more but you are not prepared to say that in 2 or 3 years you will know enough to make a judgment about what to do. You are saying we may want to study it more after that?

Ms. **Bennett**. It would be inappropriate for me to prejudge the results that might come out. There are several areas where we do expect these findings.

For example, we intend to go further in the area of sulphur dioxide modeling than we have since it tends to be reactive with NO_x and ozone. We only have 1 year's validation of our sulfur dioxide model. We expect to have another year's validation and to know more about the deposition effects that occur from the levels of emissions in various areas of SO_2.

That might or might not suggest a need for further remedial measures over and above what we have, but it would be inappropriate for me to prejudge that.

Senator **Mitchell**. Here is the problem. We in New England regard this as a very serious thing that is presently causing severe damage to our waters, our crops, possibly our farms. You keep saying we need to study it more. I have to say there is a suspicion among people who want to do something that what you are talking about is a never-ending series of studies, and it is this kind of answer that adds to that.

You control $12 million in research funds, the Federal Government, this administration controls $22 million. It seems to me that at the very least we have a right to expect that being in control of the funds for research, being aware of the enormous damage being caused by this problem, at some point you can say at least we are going to be in the position to make a decision by *x* date, but not only can we not get a decision, we can't even get an estimate of a date when you will be in a position to make a decision. It isn't as though the subject has not been studied. We have disagreed many times, as you know. I happen to think the National Academy of Sciences is a pretty good bunch of people. They have made a rather exhaustive study. They have made a conclusion at some point, why can't you say, yes, we will give you an answer by such and such a time?

Dr. **Hernandez**. I don't think this is that kind of a problem at all, that there is some kind of finite decision point down there that you can say we are going to know on date certain what we need to know. I think Ms. Bennett outlayed the problem very explicitly there. I don't think in all conscience that as a scientist I can say you should do this, place this kind of restriction and control, expending that kind of money without some kind of knowledge as to what the results are going to be in the end—that the controls are in fact going to result in some kind of amelioration of the problem that had been specified.

Senator **Mitchell**. I understand that is your opinion. I have an opposite opinion, but what I am saying is all we are getting is we need more studies and we can't even get a date at which time you think the studies will be producing sufficient information to provide some kind of basis for judgment.

Dr. **Hernandez**. Senator, we wouldn't be doing research if we knew that kind of information. It wouldn't be research then.

Senator **Mitchell**. We have passed thousands of laws in this country regulating all areas of human activity on areas that are still subject to research. We have never waited until we have got every study done in the world. Look at this morning's paper in the Surgeon General's statement. Is there still a scientific controversy over whether or not smoking causes cancer?

Dr. **Hernandez**. Not in my estimation.

Senator **Mitchell**. Not in your mind. But there are plenty scientists. I happen to think the evidence is about the same in acid rain.

Dr. **Hernandez**. I can tell you what to do about cancer and cigarettes; quit smoking. You quit smoking and that is how you solve that one.

Senator **Mitchell**. The Tobacco Institute has got as many scientists to say the opposite as the other. I don't want to prolong it, Mr. Chairman. I think you've got an obligation to those of us who want some action and to whom you are to reply. We need more study in good faith to say when you are going to be ready to reach a decision.

Dr. **Hernandez**. As I have said, research isn't that kind of a game. I don't think I would want to make any kind of a recommendation in terms of what we should do in the future until I have some kind of a concept about the certainty of the response that we are going to achieve.

Senator **Mitchell**. You also recognize, Doctor, that that can be used as a pretext for an action by people who want to study a problem for the next 50 years.

Dr. **Hernandez**. I thoroughly agree with you, but we are not using it as a pretext, people will come forward to have that kind of clearcut ability to predict, I will listen to them.

Senator **Mitchell**. Read the National Academy of Science report.

Dr. **Hernandez**. I have read pieces of that. I don't think it is that clearcut that says curtail over here in Iowa, you will get a result in Maine. I don't believe it says that at all, or anything like that. During my early years as a civil engineer, I started out building dams and a carpenter once told me, "Measure twice, cut once."

I think we need to do a little bit more measuring and make one good cut at this to know where we are going.

Senator **Mitchell**. You come on up and take a look at some of the lakes in Maine that are dead now, ponds that don't have fish and some of the lakes in upstate New York, where the level of acidity has increased dramatically and I will show you plenty of scientists who have said we have not only measured once, we have measured three times and here is where we ought to cut. We ought to cut out the acid deposition now. I have no further questions.

Senator **Stafford**. Thank you very much, Senator.

Senator Randolph?

Senator **Randolph**. Yes. Thank you, Mr. Chairman.

I note we have been talking about second, third, fourth, whatever the chance is. I remember through the years something that I would like to place in the record. We never had the second chance to make a good first impression for what it is worth. Let's think about that.

STATE ASSISTANCE

Mr. Chairman, the proposed budget would make sizable reductions in the assistance to State and local pollution control agencies. Just yes or no. Is that correct?

Ms. **Gorsuch**. That is correct.

Senator **Randolph**. You are proposing greater reliance on State and localities for the implementation of Federal environmental laws; is that correct or incorrect?

Ms. **Gorsuch**. On a continuing of the original Congressional intent, that is also correct, Senator.

Senator **Randolph**. You suggest the reduction in Federal enforcement against stationary sources of air pollution with the intention, as I understand it, of giving that responsibility to the States; is that correct?

Ms. **Gorsuch**. Senator, as you know, each of our major laws charges the EPA with developing a program such as the air program and encourages the Federal Agency to look to the States to implement or enforce that program. The States do indeed have primary responsibility if they qualify, in our judgment, as being able to run a program that we have developed.

Senator **Randolph**. I understand and appreciate your response. With all of this, Ms. Gorsuch, there must be a real increase in the workload of the States; is that true?

Ms. **Gorsuch**. If we are successful in delegating the programs as they are developed and each one of those delegation questions has a different status, then yes, there would be a larger commitment by our States in our mutual efforts.

Senator **Randolph**. I think Members of the Congress and you within the Agency asked the question will the States have the financial ability to take on these added responsibilities, certainly law enforcement and such work that would not be curtailed and we cannot discuss that too much at the moment. Won't these States have problems in raising additional revenues, including permit fees, to meet the needs?

Ms. **Gorsuch**. Senator, I can't speak to the overall fiscal ability of the 50 States, nor the relative priorities that any one of those 50 States might put on environmental programs as compared with the other demands on their internal budgets. What we feel we do have a responsibility for doing, and this I think is addressing your concern, is to give the States a more simplified program to run than they have had in the past and to reduce the Federal requirements on the States that are not environmentally oriented but more process oriented.

Let me, give you an example. Under the construction grants legislation, Congress clearly said, we want State and local grantees, State and local governments, to make the decisions that are relevant, pertinent to planning, design, and construction of sewer treatment plants. We have regulations which indeed allow the local governments to make those decisions. But those old regulations then came along and have the Federal Government making the same decisions right behind the State and local governments; providing for duplication of effort, additional requirements on the States, largely unnecessary, and frustrating the original intent of

Congress which was to make those local responsibilities and decisions.

We have a duty to reduce that redundancy, to reduce those requirements so that while we are increasing their workload to the extent we can as we delegate an individual program, we are likewise decreasing the workload to the extent that we have duplicatory Federal oversight.

In construction grants we have been able to reduce by two-thirds the Federal regulations which are an overlay to that local decisionmaking.

So yes, we are looking toward greater delegation of the overall program responsibility and lessening the money but simultaneously we are lessening and simplifying, or streamlining the requirement of delay that we lay at the door of State and local government in implementing the environmental programs.

Senator RANDOLPH. To me there is a major risk, Madam Administrator, that these reductions in State support that we talk about will cause the States to be workinq toward cutting back on their programs with the necessary loss of personnel.

We are really asking the States to do more; is that correct?

Ms. GORSUCH. As I indicated, I wish there were a simple yes or no. In the programmatic sense, yes, we will be looking toward the implementation and eventual assumption by States of more of our environmental programs.

For instance, in hazardous wastes, the regulations are very new. They are very complicated, notwithstanding that 27 of our States have requested and received from EPA phase I interim authorization.

So in that respect, in a very dynamic sense, we will be looking toward the State for the implementation of our programs.

On the other side and, again, I apologize because it is complicated, we will be making every effort to reduce requirements that we put on States which are process rather than result oriented.

So it is a dual yes and no answer.

I apologize. But that is the candid best answer I can give you, Senator.

Senator RANDOLPH. You have been talking about program changes. Yet there are State grants that are going to be cut. They are being cut in percentages. Is that not correct, flat percentages?

Ms. GORSUCH. Yes. We are proposing to you that each State for operational programs be cut by a particular percentage.

Senator RANDOLPH. Do you think that is fair and necessary? I am thinking of the programs in—well, perhaps priority. I can be wrong on this.

Ms. GORSUCH. No. You are quite riqht. We tried to look at those programs which are the most mature, where the States have had the primary responsibility and experiences over the longest period of time such as air, water and drinking water.

This is not new. We said here is where we should propose to you—a larger reduction in what has been an ever increasing Federal grant.

In our new programs such as hazardous waste and the underground injection control, where they are new at the Federal role, and relatively new at the State implementation role, and still gaining experience, we tried to propose a lesser percentage reduction than the more mature programs.

HAZARDOUS WASTE REGULATIONS

Senator **Randolph**. I am going to turn aside, Mrs. Gorsuch, to say something that has nothing to do with the questions.

I believe you and your associates are here in the national office attempting to learn the facts. You are relatively new at the job. I think you are trying to work with the administration of which you are a part.

I believe you are trying to work with this committee and the Congress. You do promise to fully implement statutory mandates with lower levels of spending. And the concern to not only me but to others is the regulation of hazardous waste.

I touched on it in my opening remarks.

In the last year, we seem to have gone backward in implementation of that program. I have three points. I want to pursue them very quickly.

How are you proposing the 1983 budget deal as they come face to face with hazardous waste?

First, Mrs. Gorsuch, the larger part of the budget seems to be in regulatory reform, despite what I think is the fact that all the regulations have not yet been issued and to investigate a degree of hazard, to use the words that you have in an approach that is not consistent with the law that is on the books.

I think we still appear to be a long way from having final standards for issuing permits on existing hazardous waste disposal facilities.

The interim status standards are not adequate and I fear we are creating more dangerous uncontrolled sites which will become candidates for future Superfund cleanup.

I hope I am wrong. But, third, your budget estimates that the new standards are finally effective, whatever that may be, it will take 8 years, I think, to issue the permits for all the existing facilities.

The statutory mandate is to have all these hazardous waste facilities out of the uncontrolled interim status and under permits as soon as possible.

What levels of resources would it take to cut that 8 years, I will say to 4 years? Is it possible?

Ms. **Gorsuch**. I cannot answer that for you. I will have our people look at it and see whether or not this is a resource question, whether the 8 years permitting process can be shortened.

[The information referred to follows:]

The issuance of permits in fewer than eight years is not solely a question of resources. The Agency's eight RCRA year permit strategy was developed to reflect the phased implementation of RCRA permitting regulations and balanced management of outputs and resources.

Given the delay in promulgating the technical regulation governing hazardous waste facilities, EPA and the States will be able to permit approximately 15-20% of the facilities through 1983. A large infusion of resources after 1983 would create both management and administrative problems. For instance, personnel would need to be hired and then trained. Very soon, thereafter, EPA and the States would be faced with the problem of separating large numbers of personnel.

Ms. **Gorsuch**. In terms of your other concerns, they are concerns of mine as well, that we don't have the final regulations, especially for existing land disposal sites, let me recite a little history for you here.

In 1976, the Congress charged the Agency with developing those rules and regulations within an 18-month timeframe.

The prior administration made two proposals, each of which received voluminous comment as being unworkable and unsound. We inherited that particular situation and are under court order at this time to develop the land disposal regulations as expeditiously as possible.

Certainly our Office of Solid Waste has these regulations as a priority, but it is a challenge that is not easily met as shown by the aborted attempts made by the prior administration.

We are working those people overtime to develop sound regulations for existing land disposal facilities and for new ones.

We will consider it a real milestone when we are able to propose those.

Mr. Capper, do you have anything to add to that?

Mr. **Capper**. No, ma'am. I think you covered the issue very thoroughly. We are moving as expeditiously as possible to get the final piece of the regulations on the disposal standards in place and we do feel that in this 1983 budget, we will have in place, in interim final form, the regulations necessary to issue the permits.

SYNTHETIC FUEL RESEARCH

Senator **Randolph**. I have indicated that research on synthetic fuels is all but being eliminated and that would be because of the slow activity within that industry. That situation, I know could change. Whether others know it or not, I feel strongly that it could change. It might even be in the near future. I think that anticipatory research has historically been an important part of the agency's research and development.

How do you justify discontinuing the studies in the area that I have just mentioned?

Ms. **Gorsuch**. I would like to defer to Mr. Riordan and then I will add to his remarks.

Dr. **Riordan**. In the synfuels area, we have not eliminated all of the research. There has been a significant reduction of about $6.8 million in the synfuels research area. It is split about half between control technology research and research on health and environmental effects.

Reductions that we have designed in the control technology area are related primarily to examining control technologies that would be applicable to waste streams from new synfuels plants that we anticipate being built in the commercial sector.

The reason that we have backed off that research is that we were trying to anticipate and deal with waste streams which have not yet materialized.

We were basing our projections upon bench scale and, at best pilot scale operations, and to anticipate that these will be the waste streams actually generated from plants we felt was not sufficent evidence to engage in large control technology research that would be aimed at cleaning up pollutants in those waste streams.

I think a similar situation applies in the effects side in two instances.

In the first instance, we were carrying out toxicological tests based on synthesized materials which we anticipated again to be in the waste stream.

We expected we would have production plants that would have air emissions and water emissions and we expected that certain chemicals to be present in those. Research would carry out batteries of toxicological tests to anticipate the risks associated with those waste streams. Again, we consider the waste streams too speculative to be spending $4 million in that area.

There is a second part of the effects program which had to do with combustion products from the actual combustion of the synfuel itself.

There, again, we are taking synthesized materials, combusting them, taking the products that would be generated by that combustion and testing those for possible effects.

Basically, we took the position that the commercialization of synfuel plants was too remote and too speculative at this stage to support that level of research.

Ms. **Gorsuch**. What we do have is an increase in this area. There is $2 million for health assessments on synthetic fuels, long-term health assessments; where we do concur with you is that a major focus should be on what are the health effects from synfuels, but we felt like we were just too far ahead of the reality of the development of the industry to go much further into the control technologies that have been described by Mr. Riordan.

Mr. **Hernandez**. Some of the results from our research are the guidance manuals that will help the people in this industry. We have spent $63 million in the synfuels area already. I think that with the backlog of research work that we have completed and as these things mature, we will work with the industries doing them on a one-on-one basis and help them meet their needs.

Mr. **Randolph**. I appreciate your responses.

It is a little difficult for me to think that you can stop an ongoing program and then, because of outside interference such as OPEC, can you pick it up again quickly?

Ms. **Gorsuch**. That was the subject that was just being communicated to me by my chief of staff.

Courtney, you may be more able to respond there.

Dr. **Riordan**. Yes. It is hard to say we are eliminating our work. I think my figure says we have in 1983 budgeted moneys for synfuels research of about $6.4 million.

We have not eliminated all of the synfuels work.

It was pointed out that we do have the risk assessment work which is a $2 million effort. I believe there are also some continuing efforts in the area of technology, but reduced from the previous year.

I would have to go back and provide that for the record.

Ms. **Gorsuch**. The concern is, have we lost capability to respond quickly indeed if there is a resurgence of the synfuels industry? I will ask my people in research and development to provide specific answers to that but it was a point of concern in developing our budget that we not lose that capability if there should be a change in the future.

So I feel fairly confident in assuring you today that the answer is no.

I will further substantiate that with figures from our research and development office.

[The information referred to follows:]

We believe that our level of activity in synfuels is adequate, considering industry's current plans for synfuels commercialization, the significant work we have already accomplished, and the currently limited opportunities for gathering meaningful environmental data. Our synfuels Pollution Control Technical Manuals will be completed later this year. They will include waste stream characterization and pollution control technology evaluation for four oil shale and five coal synfuel processes. They will provide permitting officials with the latest environmental data base available for reviewing permits and Environmental Impact Statements for a large percentage of planned synfuels projects. Since there are no domestic commercial synfuel plants the data collected to date and in the near future will be from laboratory, bench and pilot scale plants as well as industries with analogous waste streams and pollution controls. The resource requirements of such activity, considering our previous studies, will not be as great as they would be for collecting environmental data from commercial plants. Considering the fact that commercial plants, their impact and the associated opportunity for environmental data gathering, will not appear suddenly there will be adequate time to plan for such increased activity and the need for increased resources in the future,

It should be noted that we are continuing our synfuels program in FY 1983 in the areas of regional technical support, source characterization and control technology evaluation, albeit at lower levels of activity than in recent years.

Senator RANDOLPH. I appreciate that. It is encouraging to me and perhaps other Members of the Congress. With the time running out, if there are further questions on this subject, I will submit them to you. If you feel that you have additional information on the questions I have asked we would appreciate your supplying that to us. I have been helped by what you have said.

I thank you very much for allowing me to go beyond the time. This is off the record.

[Discussion off the record.]

Senator STAFFORD. Thank you, very much, Senator.

In view of our time constraints, the Chair is going to, without objection, reserve the right to all members who wish to submit questions in writing.

The Chair is going to have to indulge in doing that himself, I am afraid, since I am supposed to be at a meeting of the committee chairmen right now and should have been there a half hour ago.

Senator Baucus, we will recognize you for the regular time.

EPA'S FUTURE

Senator BAUCUS. Thank you, Mr. Chairman.

Ms. Gorsuch, as I see the budget figures for this year, and comparing them to last year's, there is roughly a 20-percent drop in permanent full-time employees from 1981 to 1983 and a roughly 32-percent reduction in the operating budget from fiscal year 1981, to 1983.

The figures I have go back to the number of permanent full-time employees, roughly 10,600 for 1981, projected 8,645 for fiscal year

1983, operating budget, $1.4 billion in 1981; reduced to about $961 million for fiscal year 1983.

The question I have is, are you going to stop there or is this a trend?

Is that same rate in your mind or in anyone's mind to continue or is it going to stop at that level?

Where are we going from here with these figures?

Is the trend going to continue to go down after 1983 in your mind or is it going to level off or go up?

Ms. Gorsuch. Senator Baucus, the misleading part, I think, of this figure is did they fully skip 2 years? We generally work from a budget that has been approved by Congress, indeed our 1982 budget was approved by Congress. It does represent substantial reductions.

We are here before you today proposing a 1983 budget reflecting different circumstances.

Senator Baucus. I am not asking you historical record. I am asking you for what the intention of the EPA is, what you see happening in the future.

I am not asking about the past. I am asking about the future.

Ms. Gorsuch. My remarks were reflected to your figures all of which are past and the point being that substantial reductions were approved by the Congress for 1982.

Responding to your futuristic needs, where do I see the Agency going? I think like any manager of any operation, it will be a continuing challenge to try to propose that amount of funding and that manpower which the Agency needs in that particular year or circumstance to gainfill its statutory duties to reduce the backlog that we inherited from our predecessors to administer consistent with the Executive order and the regulatory reform needs, and to enhance the scientific credibility on which we regulate. Whether that is going to be a plus figure or a minus figure outwards from 1984 would be highly speculative at that point.

Senator Baucus. I suggest we don't waste our time here. That is apple pie stuff. Let's just talk as ordinary human beings so we are not wasting the time of the hearing. Senator Stafford has a meeting he has got to attend, he is already a half hour late. If you want to take the chairman's time to not answer, fine. Let's not have this hearing.

My question is slightly different. What would you like to do? What is your intention, what would you like to do if you could persuade the administration to do whatever you wanted to do with respect to the statutes that are under your jurisdiction, whether it is toxic substances, hazardous waste cleanups, pesticide administration, air and water initiatives? Where do you want to go? What do you see happening? Do you want to turn back the clock so that these pollution problems are a greater problem in the future? Do you see yourself as holding even with pollution problems that we are now facing in our country or do you see yourself going ahead and trying to clean up more, to take more preventive action? I am trying to get a sense of what you, Anne Gorsuch, Administrator of the EPA, have in mind.

What would you like to do, assuming you could have your way in the administration? The next question I was going to ask is what do you realistically perceive? The first question is what would you like to do? Would you like to go back, hold your own, go forward?

Ms. GORSUCH. You are asking for an economy of the use of my answer time. I would like to come to grips with the proposal for 1984 and all out years using the best management techniques given the current charge of the Agency at that time. We have not come to grips with our 1984 needs. We will not until late this summer, as we sit dcwn to examine where our needs are and what our proposals should be.

In terms of your expectations, the President's budget proposal does carry both permanent full-time employees and operating dollars for the out years 1984 through 1987 as a large straight line projection. They do not reflect the necessary management analysis that I feel is essential to the presentation of a responsible budget.

Senator BAUCUS. I don't mean to be disrespectful, but that sounds just like what this administration ran against, a lot of talk, a lot of words.

Ms. GORSUCH. Senator, I am sorry I am failing to communicate with you, but I cannot answer the question that you are asking.

Senator BAUCUS. Why can't you?

Ms. GORSUCH. We have not made decisions on our 1984 budget.

Senator BAUCUS. I am not asking you——

Ms. GORSUCH. It would be irresponsible if any Government manager could come before you today and did not have a preconception of where that budget will be. I do not.

Senator BAUCUS. I am not asking dollars and cents. I am trying to find out who Anne Gorsuch is, and what she wants to do with respect to the environment, so I can have some sense on how to act on these budget requests.

When you are ahead, you want to go hell-bent for leather and clean up hazardous wastes. Do you want to stay with toxic substances, or do you want to hold your own, because you don't see us having more ability to do much more? Where are you? Do you want to back up a little bit? What is happening?

Ms. GORSUCH. Senator, I am standing right before you today in terms of the question that you are asking. I think we have here a responsible budget proposal for you for 1983 which reflects both completed work and priorities of unfinished work. We will continue to use those tools when we develop our 1984 budget. Beyond that, I cannot be responsive to your question.

R. & D. BUDGET REDUCTIONS

Senator BAUCUS. Why are you cutting back so much in research and development? You have a 56-percent reduction from 1981 to 1983, 30 percent reduction from 1982 to 1983.

Ms. GORSUCH. Yes.

I would like to have Courtney Riordan answer that question because it is a component of several parts. It is not any one particular program, but rather a reexamination of priorities and needs in 1983 for each of our program components.

Dr. RIORDAN. I would say that the reduction which is actually about 22 percent total R. & D. dollars for 1982 to 1983 represents aggregation of the variety of the decisions——

Senator **Baucus**. Excuse me, sir. My real question goes to the seeming change in EPA away from basic research.

Mr. **Hernandez**. We made a little cut on that the other day.

Senator **Baucus**. A little one?

Mr. **Hernandez**. As good as you can looking at the budget.

Senator **Baucus**. Trying to support the research efforts, regulatory activity. My question is, why this shift?

Mr. **Hernandez**. I think we have always put money into regulatory activities.

Senator **Baucus**. I am not sure you always have, why a shift more in that direction?

Mr. **Hernandez**. I think that is our charge over time. I think we have always had money aimed at that target. I say we made a little bit of a cut on whether we were doing long-term basic research and what that was. We took a guess at it.

My guess is this year that the contract dollars, the dollars we put out on contracts will be something on the order of 35 percent that will be aimed at what I would consider long-term research activities of which about half is in that basic research area. We are a mission-oriented organization that has basic statutes that we have to carry out, we are a regulatory and enforcement organization.

A certain part of our funds, and Congress has said something like 15 percent, should be set aside for basic research so you have the tools coming down the line. We are certainly going to do that as we carry out our work. In addition to that, we have about another 15 or 20 percent that are much longer term, not aimed at the exact answer that you need to have in 90 days for a new relation, but a longer-term kind of thing where we look 2 or 3 years down the road, anticipating something coming at that period. So I think the aggregate of that is if you said what are your long-term projects, it is probably a third of our budget or so; and has been in the past, continues to be in the future.

R. & D. ENERGY PROGRAM

Senator **Baucus**. Senator Baker had a couple of questions that he wanted to ask. We have already touched on one of them. The other goes to the cut in the research and development program with respect to energy.

His question is that the energy program sustains the largest reduction for the individual research development from $84.5 million in year fiscal 1981 to $34.5 million in fiscal year 1983. It is a 60 percent reduction; personnel reduced from 147 permanent work years, fiscal year 1981 to 62 work years.

The question is what are the reasons for such a drastic shift to the energy side?

Mr. **Hernandez**. I think that part of it we answered when we were speaking to Senator Randolph and it has to do with basic changes in areas such as synfuels research.

I will let Dr. Riordan answer the specific kinds of cuts because they occur in more than one area. It is not just one place in the energy area.

Dr. **Riordan**. Yes, I would like to first point out that from the period 1975 to the period 1983, if the 1983 budget is adopted as proposed, we will have spent a total of $868 million on energy research within EPA. Right now we are at the stage where we feel that we can reduce a significant portion of the research in the area. We did this for several reasons, one of which has to do with completion of research.

We have carried out extensive research, for example, in the area of mining and reclamation in the Western areas. We feel that presently we have provided state of the art knowledge that is adequate to protect the environment in terms of development in that area.

The work we have done in the area of effects of energy development on coastal ecosystems has largely made it possible for us to develop appropriate permitting activities for offshore drilling in the Georges Bank. In the area of air visibility, we have similarly carried out research and now have provided measurement techniques which allow the Agency to assess visibility problems.

I won't go further on that. But I would like to point out one additional area of significant reduction, and that has to do with the low NO_x burner research program. That has to do with conventional combustion, the purpose of which is to reduce the emissions of NO_x. There we have backed off what we had anticipated to be a demonstration program. We are going to engage in demonstrating low NO_x burners for tangentially fired boilers for 120 megawatt installations, but we are not going to do the demonstrations——

Senator BAUCUS. I appreciate that. In the interest of time, could you more fully respond to that question in writing? (See p. 220.)

Dr. Riordan. Surely.

Senator BAUCUS. I have additional questions which I am going to submit for the record. (See p. 231.) I won't take the time here. But I thank you, Mr. Chairman.

Senator STAFFORD. Thank you very much, Senator Baucus.

The Chair likewise has a number of questions that I will submit in writing for response at your earliest convenience. (See p. 181.)

AUTO EMISSIONS CONTROL PROGRAM

Senator STAFFORD. I will conclude by saying that several of the questions that I will submit are relating to the continuation of the reliable auto emissions control program.

One particular concern I would like to have addressed relates to the information I am going to send to the table which consists of copies of some end use test results which were recently supplied to the committee by your Agency. These results show that some engine families are experiencing severe pollution control malfunctions. For each of these engine families, I would like to know the following. First, have the engines been recalled or subjected to some other corrective action? If not, I would appreciate knowing why not. Whether the engines have been recalled or not does this budget contain money for the testing of the comparable engine families for the 1981 and 1982 model year?

Does it also contain money for the recall of these vehicles? Does it contain money for the notification of the consumers who bought these cars?

Finally, I would appreciate a description of what automobile models these engines were placed in, installed and full production figures for these vehicles.

I don't expect those answers now but in writing.

Senator **Baucus**. If I might, one question I am going to submit for the record from Senator Sarbanes with respect to the Chemical and Biological Laboratory at Beltsville. (See p. 239.)

Ms. **Gorsuch**. We will be pleased to respond to these Questions, Mr. Chairman, submitted by the committee members. We would like to also reserve the ability to comment on the other testimony received regarding our budget proposal.

Thank you.

Senator **Stafford**. Sure.

The Chair really thinks this has been a very good hearing for the most part this morning and appreciates the cooperation of Ms. Gorsuch and the people who are with her.

Having said that, we will adjourn until 10 tomorrow when we take up highways.

Ms. **Gorsuch**. Thank you, Mr. Chairman.

[Whereupon, at 12:30 p.m., the committee adjourned, to reconvene Wednesday, February 24, 1982, at 10 a.m.]

[Responses to written questions follow:]

QUESTIONS SUBMITTED BY SENATOR STAFFORD

CLEAN AIR ACT

As you know, this Committee is currently engaged in markup of amendments to the Clean Air Act. During our consideration of a proposal to double the tailpipe standard for carbon monoxide there was a sharp disagreement between projections of the Environmental Protection Agency and those of the National Clean Air Coalition. The projections differed in part because EPA and the Coalition made different assumptions about in-use deterioration. It became apparent that the performance of cars on the streets is critical to an effective pollution control program. I would like to ask you a couple questions concerning what exactly your budget contemplates.

Question: Will the in-use testing program remain stable or will the resources decline? Does the budget project a recall program at its past levels or do you propose a cut in money and staff?

Answer: At the given FY 1983 resources levels we expect to conduct 35 recall investigations and continue a substantial testing program. This is commensurate with the program we have had since FY 1981:

FY 81 Actual	FY 82 Budget	Current Estimate FY 82	FY 83 Estimate
35 recall investigations	35	45	35

In FY 1983 while the number of tests available for recall testing has been reduced, the number of investigations do not decrease from previous levels because we have been able to reduce the number of tests per investigation:

-- through statistical efficiency--applying statistical criteria to decisionmaking which allow fewer tests to be conducted on a class of vehicles to determine in-use compliance with standards.

-- better test management--all testing is being conducted at EPA motor vehicle laboratory in Ann Arbor, Michigan as opposed to outside contractors.

Question: Does the budget project completion of those regulations which were proposed more than one year ago such as the particulate standard for heavy duty diesels and the nitrogen oxide standard for heavy duty and light duty trucks? I specifically want to know whether any comment has been received on the proposals from industry or the public and, if not, when you plan hearings on them?

Answer: The particulate standard for heavy-duty diesels was proposed in January 1981. However, EPA has not yet proposed the NO_x standards for light-duty and heavy-duty trucks; only an advance notice of proposed rulemaking was published in January 1981. We have received comments on these actions, and intend to hold hearings on both of these within a month or so. Because the NO_x standard has not yet been proposed, it wil probably be several months before these rulemakings are completed, but we certainly intend to complete these actions.

CLEAN AIR ACT

Mrs. Gorsuch, you say on page 5 of your statement that EPA plans to reduce the number of mandated programs States must administer and you cite vehicle emissions inspection programs as an example. The Clean Air Act requires inspection/maintenance programs in areas failing to meet certain ambient air standards.

Question: Are the changes you are proposing permitted by the Act or are they premised on changes in the Act?

Answer: My statement indicates that the mandated workload for the States should be reduced. We have supported changes in the legislation that would reduce the mandatory workloads. Inspection and maintenance is mentioned as an example of the type of requirements that require change.

At the same time that you are proposing to relax requirements for automobile inspections, you are also reducing the number of selective enforcement audits to determine if cars coming off the assembly line meet Federal standards and you are reducing the recall testing program.

Question: Don't all of these changes mean there will be very little left in the way of programs to see that cars on the road emit limited emissions?

Answer: The changes in programs are due to sound programmatic reasons. An effective recall program will be in place. The reduction in assembly line test orders is related to the success of the Federal program, which has resulted in the manufacturers monitoring assembly lines very carefully. Our tests indicate that compliance at the assembly line is good. This was the objective of the program when it started; it is being achieved. We expect that the manufacturers will continue their current level of monitoring even with a lesser number of EPA selective enforcement audit test orders.

CLEAN AIR ACT

On pages A-88 and A-89 of the Agency's budget you state that during 1981 -- and I quote -- "Work progressed on the development of certification program regulatory reforms, as well as on in-house vehicle compliance programs relying on some form of emissions averaging to replace the current preproduction certification" -- end quote.

The justification then goes on to suggest that money from the 1983 budget will be used to implement this in-use averaging approach.

The heart of the Clean Air Act's tailpipe standards is a requirement that every automobile built and sold in the United States meet the emissions standard. Let me say again the law requires every car to meet the standard. Averaging is a violation of that law.

Question: Am I reading the budget justification correctly? Are you in fact suggesting that the Agency intends to implement a program which violates the Clean Air Act?

Answer: A very limited averaging program, such as recently proposed for light-duty diesel particulates, is, we believe, consistent with the current Clean Air Act. More expansive averaging programs may require statutory amendment. We intend to consider what types of averaging approaches are desirable from the standpoint of controlling emissions in a cost-effective manner; if a desirable scheme requires statutory change then we will seek such a change.

CLEAN AIR ACT

I am sending to the table copies of some in-use test results which were recently supplied to the Committee by your Agency. These results show that some engine families are experiencing severe pollution control malfunctions.

Question: For the engine families supplied by the Committee, describe what automobile models these engines were installed in and give the total production figures for each of these engine families. For the engine families supplied by the Committee, indicate those which were recalled or subjected to some other corrective action. For those which were not, describe why not.

Answer: The information follows:

Class	Approximate Production	Test Program	Recall Status	Models**
1979 AMC I-3 (258 CID)	67,698	Surveillance	Active Investigation	Concord, Concord Wagon, Spirit, Pacer, Pacer Wagon
1980 Chrysler 0FA-105-2-BBP (105 CID)	256,360	Surveillance	Active Investigation	Turismo, Horizon, Detomaso, Omni
1979 Chrysler 9FF-105-2KA (105 CID)	248,961	Surveillance	Inactive Investigation*	Omni, Horizon
1979 Chrysler 9FD-[illegible]-2CA (225 CID)	248,517	Surveillance	Inactive Investigation*	Duster, Volare, Aspen, Diplomat, Le Baron
1979 Chrysler 9FD-360-2CA (360 CID)	110,391	Surveillance	Active Investigation--Scheduled for retest at higher mileage	Le Baron, Cordoba, Newport, New Yorker, Diplomat, Magnum, St. Regis
1980 Ford 2.3 AH/EPC (2.3L)	100,493	Surveillance	Active Investigation--(pending further analysis)	Pinto, Bobcat, Mustang, Capri, Fairmont, Zephyr
1980 Ford 3.3 GA/EPC (3.3L)	201,971	Surveillance	Active Investigation--Scheduled for retest at higher mileage	Mustang, Capri, Fairmont, Zephyr
1980 Ford 4.2/5.0 BJF/EAC	198,814	Surveillance	Inactive Investigation--Possible retest at higher mileage	Mustang, Capri, Fairmont, Zephyr Granada, Monarch, Thunderbird, Cougar, Versailles
1979 Ford 1.6 H (1x89) EAC (1.6L)	56,781	Surveillance	Inactive Investigation--Defect Survey at higher mileage	Fiesta

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* No current substantial emissions nonconformity.

** Models for which the engine family was certified. Not all models may have been produced. Potential remedial actions could involve a subset of models.

Class	Approximate Production	Test Program	Recall Status	Models**
1979 Ford 2.3 A (1x92) EC (2.3L)	246,350	Surveillance	Active Investigation--Scheduled retest at higher mileage	Pinto, Pinto Wagon, Bobcat, Bobcat Wagon, Mustang, Capri, Fairmont, Zephyr
1979 Ford 2.8 B (1x92) EAC (2.8L)	8[illegible],738	Surveillance	Inactive Investigation*	Pinto, Pinto Wagon, Bobcat, Bobcat Wagon, Mustang, Capri
1979 Ford 5.0 AV (2x124) EAC (5.0L)	266,821	Surveillance	Active Investigation	Ford, Ford Wagon, Mercury, Mercury Wagon,
1979 Ford 5.0 C (2x124) (5.0L)	287,225	Surveillance	Active Investigation	LTDII, Cougar, Thunderbird, Ranchero
1979 Ford LDT 5.8M/6.6B (1x128)/EAC (5.8/6.6L)	414,603	Surveillance	Active Investigation	F-100, F-150, F-250
1979 Ford 5.8M/6.6D (2x124)/EAC (6.6L)	143,602	Surveillance	Active Investigation--Scheduled for retest at higher mileage	LTDII, Ranchero, Thunderbird, Cougar, Lincoln Sedan, Mark V
1979 Ford 5.8 WD (2xR124)/EAC (5.8L)	170,899	Surveillance	Inactive Investigation--Defect Survey at higher mileage	Ford Sedan, Ford Wagon, Mercury Sedan, Mercury Wagon, Thunderbird, Cougar
1979 General Motors 910A2F (200 CID)	159,636	Surveillance	Active Investigation	Malibu, Malibu Wagon, El Camino, Monte Carlo, Caballero

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Class	Approximate Production	Test Program	Recall Status	Models**
1979 General Motors 910L4 (305 CID)	284,674	Surveillance	Active Investigation--Scheduled for retest at higher mileage	Nova, Malibu, Malibu Wagon, El Camino, Camaro, Impala, Caprice, Caprice Wagon, Impala Wagon, Monte Carlo, Cutlass, Caballero
1979 General Motors 910L4 (350 CID)	256,439	Surveillance	Active Investigation--Scheduled for retest at higher mileage	Nova, Malibu, Malibu Wagon, El Camino, Camaro, Impala, Caprice, Caprice Wagon, Impala Wagon, Monte Carlo, Cutlass, Caballero, Corvette
1979 General Motors 910G2U (267 CID)	275,000	Surveillance	Active Investigation--Scheduled for retest at higher mileage	Impala, Impala Wagon, Caprice, Caprice Wagon, Malibu, Malibu Wagon, El Camino, Monte Carlo, Nova, Camaro, Monza, Sunbird, Phoenix, Starfire, Omega, Skylark, Caballero
1979 General Motors 910F1H (250 CID)	90,407	Surveillance	Inactive Investigation	Nova, Impala, Caprice, Camaro
1979 General Motors 920S4 (301 CID)	124,845	Surveillance Confirmatory	Active Investigation--Voluntary Recall	Le Mans, LeMans Wagon, Grand Le Mans, Grand Le Mans Wagon, Grand Prix, Firebird, Esprit, Formula, Trans Am, Catalina, Catalina Wagon, Bonneville, Bonneville Wagon, Century, Century Wagon, Regal, Grand Am

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Class	Approximate Production	Test Program	Recall Status	Models**
1979 General Motors 920S2E (301 CID)	573,318	Confirmatory	Ordered recall 12/9/80	Le Mans, Le Mans Wagon, Grand Le Mans, Grand Le Mans Wagon, Grand Am, Grand Prix, Firebird, Esprit, Formula, Catalina, Catalina Wagon, Bonneville, Bonneville Wagon, Century, Century Wagon, Regal, Le Sabre
1979 General Motors 920X2EU (151 CID)	131,359	Confirmatory	Active Investigation	Sunbird, Sunbird Wagon, Monza, Monza Wagon, Starfire
1979 General Motors 930H2U (260 CID)	282,069	Surveillance Confirmatory	Inactive Investigation*	Cutlass, Delta 88
1979 General Motors 930M4U (350 CID)	256,930	Surveillance Confirmatory	Inactive Investigation*	Delta 88, Ninety Eight, Toranado, Le Sabre, Estate Wagon, Electra, Riviera, Formula, Trans Am, Catalina, Catalina Wagon, Cutlass, Bonneville, Bonneville Wagon,
1979 General Motors 940J4U (350 CID)	175,579	Surveillance Confirmatory	Active Investigation	Le Sabre, Electra, Estate Wagon, Catalina, Catalina Wagon, Bonneville, Bonneville Wagon
1979 General Motors 940B2 (231 CID)	538,996	Defect	Active Investigation	Skyhawk, Skylark, Century, Regal, Le Sabre, Century Wagon, Espirit, Le Mans, Grand Le Mans, Grand Am, Grand Prix, Monza, Monza Wagon, Monte Carlo, Sunbird, Phoenix, Firbird, Catalina, Sunbird Wagon, Le Mans Wagon, Grand Le Mans Wagon, Starfire, Omega, Cutlass, Delta 88

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** Models for which the engine family was certified. Not all models may have been produced. Potential remedial actions could involve a subset of models.

Class	Approximate Production	Test Program	Recall Status*	Models**
1979 General Motors 960V4UE (425 CID)	207,241	Surveillance Confirmatory	Active Investigation	Deville, Brougham
1979 General Motors LDT 912K4B (350/400 CID)	688,591	Surveillance	Active Investigation	Fleetside Pickup, Stepside Pickup, Chevy Van, Sport Van, Beauville Sportvan, Blazer, Suburban, Jimmy Chassis Cab, Wideside Pickup, Fenderside Pickup, Van Dura, Rally,
1980 General Motors 02X2E (2.5L)	696,677	Surveillance	Inactive Investigation--Possible retest at higher mileage	Citation, Phoenix, Omega, Skylark, Monza, Sunbird, Starfire
1980 General Motors 02S4V (301 CID)	173,884	Surveillance	Active Investigation	Regal, Century, Century Wagon, Le Sabre, Le Mans, Le Mans Wagon, Grand Am, Grand Prix, Catalina, Bonneville, Firebird, Estate Wagon, Catalina Wagon, Bonneville Wagon
1980 General Motors 04E2A (231 CID)	550,534	Surveillance	Active Investigation--Scheduled for retest at higher mileage	Regal, Century, Century Wagon, La Sabre, Skyhawk, Monza, Cutlass, Cutlass Wagon, Delta 88, Starfire, Catalina, Bonneville
1980 General Motors G6T4B (6.0L)	71,951	Surveillance	Active Investigation	Brougham, Deville

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** Models for which the engine family was certified. Not all models may have been produced. Potential remedial actions could involve a subset of models.

Class	Approximate Production	Test Program	Recall Status	Models**
1980 General Motors LDT 08F2A (4.1L)	171,918	Surveillance	Inactive Investigation*	Fleetside Pickup, Stepside Pickup, Blazer, Chevy Van, Sport Van, Beauville Sportvan, Wideside Pickup, Fenderside Pickup, Jimmy, Van Dura, Rally Wagon, Rally STX
1980 General Motors LDT 08K4AA (5.7/6.6L)	114,089	Surveillance	Active Investigation	Blazer, Stepside Pickup, Fleetside Pickup, Suburban, Chassis Cab, Jimmy, Fenderside Pickup, Wideside Pickup, Chevy Van, Sport Van, Beauville Sportvan, Van Dura, Rally Wagon, Rally STX
1979 Datsun A142F (1.4L)	57,364	Surveillance	Active Investigation--Scheduled for retest at higher mileage	Datsun 310
1979 Fiat 132A (122 CID)	24,796	Surveillance	Active Investigation--Scheduled for retest at higher mileage	Brava, Brava Wagon, Spider 2000, Lancia Beta 2000, Lancia Beta 2000 Spider
1980 Mazda OUCP (86 CID)	70,973	Surveillance	Active Investigation--Possible voluntary recall	Mazda GLC, Mazda GLC Wagon
1979 Mitsubishi 4G3M-F (7.5 CID)	16,322	Surveillance	Active Investigation	Colt, Champ

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* No current substantial emissions nonconformity.

** Models for which the engine family was certified. Not all models may have been produced. Potential remedial actions could involve a subset of models.

Class	Approximate Production	Test Program	Recall Status	Models**
1979 Mitsubishi 4G1M-F (86 CID)	23,291	Surveillance	Active Investigation	Colt, Champ
1979 Subaru BU (97 CID)	105,070	Surveillance	Active Investigation	Subaru 1600, Subaru 1600 Wagon, Brat
1979 Volvo 4FA (130 CID)	20,099	Surveillance	Inactive Investigation*	Volvo 242, Volvo 245 Wagon, Volvo 244

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* No current substantial emissions nonconformity.

** Models for which the engine family was certified. Not all models may have been produced. Potential remedial actions could involve a subset of models.

CLEAN AIR ACT

Question: For the engine families supplied by the Committee, does this 1983 budget contain money for the testing of the comparable engine families in 1981 and 1982 model years?

Answer: The Agency has adequate money to fund a comparable recall program. The Agency anticipates testing vehicles produced primarily in model year 1981 in fiscal year 1983. Model year 1982 vehicles will be tested in fiscal year 1984. Funds are available in fiscal year 1983 to permit us to adequately test large engine families produced in model year 1981.

Question: Does the budget contain money for the notification of consumers and recall of vehicles?

Answer: The Clean Air Act provides that the expense of the owner notification and recall repair be borne by the manufacturer whose vehicles are found by the Administrator of the EPA to be in nonconformity with Federal standards.

SUPERFUND

In the budget request for the Hazardous Substance "Superfund", a Federal appropriation to the fund of $44 million is requested. This is the largest Federal appropriation that the law allows. Yet the Congress only intended the Federal contribution to be around 12 1/2% of the total, and there will be over $200 million in unappropriated industry taxes in the trust fund at the end of 1982.

Question: First, why is the Federal contribution so high?

Answer: We concur that it was Congressional intent to have a Federal contribution of 12-1/2% of the total Hazardous Substance Response Trust Fund. Congress also established a phased schedule of Federal appropriation to support the contribution. Congress has authorized to be appropriated $44 million a year through fiscal year 1985. Our request for $44 million in FY 1983 reflects the phased or managed approach to participation in the Hazardous Substance Response Trust Fund.

Question: Second, I presume you continue to be committed to obligating all of the trust fund within the five years of the program. Will you obligate the funds soon enough to avoid any premature cut-off of the industry taxes?

Answer: Based on our present authorization plans for the program, we do not expect premature cut-off of industry taxes.

Question: Third, I am aware that you recommended to OMB a Superfund level of $275 million, rather than the $230 million in the budget. Couldn't you spend that higher level in 1983 if the Congress provided it?

Answer: The Agency request of $230 million is sufficient to carry out the program at this stage of its implementation.

QUESTION: How many cases have been referred by the Environmental Protection Agency to the Department of Justice for suits under Section 106 of the Superfund law since January 1, 1981?

ANSWER: No cases have been referred to the Department of Justice for suits under Section 106 of CERCLA since January 1, 1981.

QUESTION: How many administrative orders have been issued since January 1, 1981, under Section 104, 106, and 107 of the Superfund law?

ANSWER: No administrative orders have been issued since January 1, 1981 under Sections 104, 106, and 107 of CERCLA.

QUESTION: How many cases have been referred by the Environmental Protection Agency to the Department of Justice since January 1, 1981, under Section 7003 of the Resource Conservation and Recovery Act?

ANSWER: Four cases have been referred to the Department of Justice since January 1, 1981 under Section 7003 of RCRA.

QUESTION: How many administrative orders have been issued since January 1, 1981, under Sections 3013, 3007, and 7003 under the Resource Conservation and Recovery Act?

ANSWER: Two administrative orders have been issued under Section 3013, none under Section 3007, 219 under Section 3008, and one under Section 7003 of RCRA during calendar year 1981.

QUESTION: How many settlements have there been since January 1, 1981, under either RCRA or Superfund?

ANSWER: There have been eighteen consent decrees and two out of court settlements for a total of twenty settlements since January 1, 1981.

QUESTION: How many notices of violation have been issued since January 1, 1981, under the Clean Water Act?

ANSWER: For the period January 1, 1981 to February 1, 1981, EPA issued sixty-seven notices of violations under the Clean Water Act.

QUESTION: How many notices of violation have been issued since January 1, 1981 under the Clean Air Act?

ANSWER: Since January 1, 1981, 234 notices of violation have been issued under the Clean Air Act.

Question: Are regional offices of the Environmental Protection Agency authorized to issue notices of violation? If not, which specific offices are authorized to issue NOVs?

Answer: EPA's Administrator has delegated statutory authority to issue notices of violation according to the following list:

NOV Authority	To Whom Delegated
1. Clean Water Act §309	Deputy Associate Administrator for Enforcement Policy (now Enforcement Counsel) and Regional Administrators, concurrently.
2. Resource Conservation and Recovery Act	Same as above
3. Federal Insecticide, Fungicide and Rodenticide Act, §9(c)(warning letters)	Same as above
4. Clean Air Act §113(a)	Same as above
5. Clean Air Act §120(b)(3)	Regional Administrators
6. Marine Protection, Research and Sanctuaries Act §105	Regional Administrators
7. Toxic Substances Control Act §16	No formal delegation, since NOVs under TSCA have no legal effect. Regional officials typically issue those notices.

Question: Which officers of the Environmental Protection Agency have authority to issue administrative orders under the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act, and Superfund? Are these the same officers who were authorized to issue such orders on January 1,1981?

Answer: EPA's Administrator has delegated statutory authority to issue administrative orders under the statutes in question according to the following list:

	Statutory Authority	To Whom Delegated
1.	Clean Air Act §113(a) (except §113(a)(2))	Deputy Associate Administrator for Enforcement Policy (DAAEP) (now Enforcement Counsel) and Regional Administrators (RAs), concurrently
2.	Clean Air Act §167	DAAEP and RAs, concurrently
3.	Clean Air Act §110(g)(2)	Parallel authority to RAs and Assistant Administrator for Air, Noise, and Radiation; each may act independently
4.	Clean Air Act §303	DAAEP and RAs, concurrently
5.	Clean Water Act §309 (except §309(a)(2))	DAAEP and RAs, concurrently
6.	Toxic Substances Control Act §16(a) (authority to order civil penalty payment)	DAAEP and RAs
7.	Resource Conservation and Recovery Act (except for §7003)	DAAEP and RAs, concurrently
8.	Superfund/CERCLA §106(a)	Associate Administrator for Legal and Enforcement Counsel, who may act upon the recommendation of RAs or the Assistant Administrator for Solid Waste and Emergency Response

The authorities listed here are those which authorize the Administrator to issue orders directly to regulated parties to impose some pollution control requirements (as opposed to, e.g., requiring testing or other information). The Administrator retains all other such authorities to issue administrative orders. In most instances in which delegated authority is shared, RAs must notify or obtain concurrence from the DAAEP before acting.

The Agency officials to whom these authorities were delegated are the same as those who were delegated these authorities as of January 1, 1981, except that

1. The DAAEP has substituted for the Assistant Administrator for Enforcement,
2. The Assistant Administrator for Air, Noise and Radiation has substituted in one place for the Assistant Administrator for Enforcement, and
3. The Administrator had not yet delegated the Superfund authority to any other Agency official as of January 1, 1981.

QUESTION: Several months ago, the Ralston-Purina Company discharged a hazardous substance into the sewer system of Louisville, Kentucky, causing several million dollars of damage. This appears to constitute a release of a hazardous substance within the meaning of the Superfund response and liability provisions. How much money has been provided to the City of Louisville and what was the source of those funds? Has suit been filed to collect those monies pursuant to the requirements of the Superfund law? If not, why not?

ANSWER: On December 30, 1981, a federal grand jury in Louisville, Kentucky returned a four count indictment against Ralston-Purina Company for violations of federal environmental statutes. The charges stemmed from the release of hexane into the Louisville sewer system from the Ralston Purina plant in Louisville. The discharged hexane was ignited, causing a series of explosions in the city sewer system on February 13, 1981. The explosions destroyed or damaged extensive portions of the sewer lines and the streets above those lines. Hexane, a flammable and explosive industrial solvent, is used in the extraction of oil from soybeans.

The indictment charges Ralston with discharging hexane into the Ohio River without a permit in violation of the Refuse Act and the Federal Water Pollution Control Act, discharging flammable and explosive material into the sewer system (also in violation of the Federal Water Pollution Control Act), and failure to report the release of hexane to federal authorities as required by the Comprehensive Environmental Response, Compensation, and Liability Act.

On January 4, 1982, Ralston Purina Company pled guilty to each of the four charges and was sentenced by the Court to pay the maximum fine of $62,500.

Superfund money was not used in connection with this case. Fund use is normally restricted to hazardous material of a persistent nature, the removal of which is essential to public health. Because of its volatile nature, the hexane had dispersed within a matter of days after its release from the Ralston plant.

QUESTION: How many lawyers are currently assigned to mobile sources enforcement? How does that compare to the number assigned as of January 1, 1981?

ANSWER: There are 18 permanent full-time and 15 other than permanent full-time lawyers currently assigned to mobile source enforcement. On January 1, 1981, there were 22 permanent full-time and 19 other than permanent full-time.

QUESTION: How much money has been allocated under the Superfund account to the Department of Justice since enactment and how much is proposed to be allocated for FY 1983? Are these sums allocated on a reimburable or nonreimbursable basis?

ANSWER: In FY 1981 EPA entered into an Interagency Agreement with the Department of Justice (DOJ) for $175,000. These funds were used to conduct the study required under Title III of CERCLA on the "adequacy of existing common law and statutory remedies in providing legal redress for harm caused by releases of hazardous substances".

EPA is in the process of completing an Interagency agreement that will provide DOJ with $2,000,000 in 1982. These funds will enable DOJ, in cooperation with EPA, to develop enforcement cases and when necessary conduct litigation to seek clean-up of hazardous substance spills and sites by the responsible party and to recover monies expended during fund financed clean-ups.

In 1983 EPA proposes to allocate $2,100,000 to DOJ to continue these efforts. These funds will be provided through an allocation account and will cover DOJ's expected workload during FY 1983. EPA may request additional assistance from DOJ during the course of the year and will provide funds for these activities on a reimbursable basis.

QUESTION: What role, if any, does the EPA play in the development of Superfund enforcement policy at the Department of Justice?

ANSWER: The Agency is primarily responsible for policies relating to possible Superfund actions, short of civil litigation, to secure cleanup by responsible parties. The Agency and the Department are consulting closely in the development of Superfund enforcement guidelines as required by Section 106(c) of Superfund. In addition, the Agency and Department routinely consult with each other in the development of internal enforcement guidance documents as they pertain to potential civil litigation under Superfund.

The respective roles of EPA and the Department of Justice in civil litigation arising under environmental statutes have been governed for the last five years by a memorandum of understanding between them. Pursuant to this MOU, the Department conducts such civil litigation with the assistance of Agency participating attorneys and defers to the Agency's interpretation of scientific and technical matters.

QUESTION: How many RCRA 7003 suits have been amended to include a Superfund Account? Please state on what dates these amendments were actually filed with the relevant district courts.

ANSWER: As of February 18, 1982, five suits have been amended to include a CERCLA count. The cases and dates are as follows:

9-15-81 - VERTAC
9-21-81 - Price Landfill
9-25-81 - Reilly Tar
10-26-81 - ABM/Wade
2-2-82 - Outboard Marine

QUESTION: How many law suits have been actually filed by the Department of Justice under Superfund, since January 1, 1981?

ANSWER: No suits have been filed.

QUESTIONS SUBMITTED BY SENATOR CHAFEE

BEST AVAILABLE TECHNOLOGY

Question: Mrs. Gorsuch could you give us the background on the BAT regulations. How many are final now and how many will be final next year?

Answer: A BAT effluent guideline for the Timber Industry has been promulgated. In the near future, we will promulgate BAT regulations for the Iron and Steel Industry and the Inorganic Chemicals Industry. The remainder of the BAT guidelines will be promulgated in FY 1982 - FY 1984.

Question: Will all the industrial guidelines be final prior to the statutory compliance date of 7/1/84?

Answer: All BAT effluent guidelines will be final prior to the statutory compliance date of 1984. However, we are concerned that in most cases there will not be sufficient lead time to allow industry to comply with these regulations. It could take as long as three years for an industrial facility to plan, design, construct and actually begin operation of controls to meet the regulations. Therefore, in many cases, industry will not be able to comply with the BAT guidelines by 1984.

Question: Is this a problem with the resources available to you or technical difficulties?

Answer: The delay in the promulgation of BAT regulations is not due to insufficient resources. Since 1977, approximately $140,000,000 have been expended on their development. The problem is that the Agency underestimated the time needed to develop technology based standards for toxic pollutants vis-a-vis the enormous technical difficulties encountered.

In 1977, there was little information available on the enviromental problems caused by these pollutants and few methods available for sampling and analyzing them. The Agency had to initiate and conduct an exhaustive data collection and analysis program. This included the development and validation of analytical methods for measuring the 129 toxic pollutants and the establishment of sufficient laboratory capability to analyze the great quantity of samples required to develop the regulations.

Most of the problems have now been solved and the bulk of regulatory development activities, i.e. sampling, analyses, and the preparation of technical engineering and economic studies, are complete. That is the most resource intensive phase of the regulatory process. The remaining work will focus on selecting options, preparing documentation, and responding to public comments received after proposal.

Question: Is there something the Committee can do about the problem with your resources?

Answer: We believe that the resources requested will be sufficient to complete the BAT regulations.

COMBINED SEWER OVERFLOW

Question: There are no funds requested in FY 1983 for the CSO program. Why?

Answer: The Administration has made no commitment to request funding for municipal waste water treatment grants in excess of the $2.4 billion authorized in Section 207 of the 1981 Amendments.

Question: Did you request funds for this program and get turned down by OMB?

Answer: The Agency did not request 1983 funding of Section 201(n) from OMB.

Question: Do you think that Combined Sewer Overflows into these marine bays is a problem?

Answer: The 1980 Needs Survey and local planning studies suggest there are impaired uses in these bays in terms of commercial shellfishing, swimming, and other recreational uses. However, EPA has not received detailed site-specific water quality analyses which confirm these possible problems.

ENFORCEMENT

Question: Under the present enforcement reorganization plan, many people have been or are being transferred from one office to another. Consequently I am having difficulty in determining exactly how many persons and dollars are being cut from enforcement activities. Could you please provide us with that information?

Answer: The FY 1983 budget request for enforcement activities is 1,447 permanent full-time equivalent workyears and $88,463,200. This is a 20% reduction in workyears and a 17% reduction in dollars from the FY 1982 levels of 1811 permanent full-time equivalent workyears and $106,400,000. However, a portion of the reduction is due to a shift of hazardous waste permitting resources from an enforcement accounting code to an abatement, control and compliance accounting code. When this shift of 102 permanent full-time equivalent workyears and $3,775,100 is excluded, the actual reduction in enforcement accounts is 15% in workyears and 14% in dollars.

The proportion of enforcement permanent full-time equivalent workyears to total Agency permanent full-time equivalent workyears remains constant from FY 1982 to FY 1983 at 18%. The proporation of enforcement dollars to total Agency dollars decreases slightly, from 8% to 7%.

ENFORCEMENT

Question: To have an effective enforcement program it seems that it is very important to have good coordination between the people responsible for enforcement in the Regions and Headquarters. Under the present reorganization plan, enforcement responsibilities in the Regions come under the jurisdiction of the Regional Counsel's office. The Regional Counsel reports to the General Counsel at Headquarters, not the enforcement office. I am curious as to whether this plan presents problems in coordinating enforcement actions. I would like to note that in 1980 the Regions referred 313 cases to EPA headquarters while in 1981 the number dropped to 66. Why such a large decrease? Is it because of a problem in coordinating action or does it represent an increase in compliance with the law?

Answer: The Regional Administrators have always had responsibility for enforcement actions, even prior to the reorganization and they will continue to have that responsibility. What is occurring is that enforcement functions are being transferred from the old Enforcement divisions to the various media operating divisions, where they can be better coordinated with the other functions performed by those divisions. The responsibility for providing legal services to support those functions is being transferred from the legal offices in the old Enforcement divisions to the Offices of Regional Counsel, which will report to the General Counsel, as in the past.

Coordination among all of the Agency's enforcement activities should be improved by this arrangement. First, the enforcement decisions will be made by the Regional Administrators on the recommendation of their various media program division directors, thereby facilitating improved coordination among all media programs. Regional division directors will be more accountable for overall program results. Enforcement decisions will be more closely coordinated with Headquarters program offices through the close communication links which already exist between Headquarters and Regional media offices.

The Regional Counsels will be responsible for advising the Regional program directors on enforcement matters, just as they have always advised on other program matters. The close working relationships between Regional Counsels and the program offices are expected to continue, thereby improving coordination between legal and program aspects of enforcement at the Regional level. Each media operating program will work with the same set of lawyers on enforcement as it does on general matters. This should foster a spirit of teamwork among attorneys and program staffs.

Coordination between Headquarters and Regional legal offices on enforcement matters should also be improved. For the first time, Regional attorneys will act as "counsel to the situation," instead of having two sets of attorneys working on different aspects of essentially the same set of problems. The Regions will speak with one legal voice. Since the Regional Counsels report to the General Counsel and coordinate their advice with OGC, the Agency will speak with one legal voice despite the fact that many of its operations are decentralized in the Regions.

The Regional Counsels will be responsible for following the guidance of the Enforcement Counsel on enforcement matters. When cases are to be referred to the Department of Justice, Regional attorneys will work closely with Headquarters enforcement attorneys to develop the case and conduct the Agency's participation in judicial proceedings. A system of assigning responsibility for taking the lead on each litigation matter to either a Regional or a Headquarters attorney will be implemented.

The reorganization has disrupted the ordinary flow of cases in the headquarters and regions which has been a factor in reduced enforcement outputs. However, we expect the levels to increase as new routines become familiar to our staff.

ENFORCEMENT

Question: I noted in the budget justification document (page 1-28) that the Office of Legal and Enforcement Counsel will be coordinating enforcement efforts with the Regions. However, I have here a memo dated February 10, 1982 written by Dr. Todhunter, Assistant Administrator for Toxics and Pesticides, which he sent to the Regional Administrators. It states: "In accordance with Agency guidance, where the violation does not evidence intentional or repeated disregard for the law, and where appropriate corrective action is taken, no enforcement action would be undertaken."

I see this as a very strict standard (virtually a criminal standard) which severely limits enforcement actions--especially civil enforcement actions. Is it Agency policy to bring enforcement actions only when the violator shows intentional or repeated disregard for the law? Who is making enforcement policy? Is it the Assistant Administrators, the Office of Enforcement, the Regional Administrators? To me, the Todhunter memo indicates confusion as to just who is making enforcement policy at the agency.

Answer: The Agency has not adopted a policy to confine formal enforcement action to situations where willful or repeated violations have occurred. At the same time, we want our enforcement response to be suited to the severity of the violation and the overriding concern that any resulting environmental harm is remedied and similar violations are deterred by our action.

The Office of Legal and Enforcement Counsel shares responsibility with program Assistant Administrators for developing nationally applicable enforcement policies. The latter are chiefly responsible for devising approaches to assessing compliance and for resolving compliance problems informally, where that is appropriate. About 80% of overall enforcement resources are located in Headquarters and Regional program offices to carry out these activities. Within the Office of Legal and Enforcement Counsel, on the other hand, policy is developed which guides the resolution of cases where informal resolution is not appropriate or has been attempted unsuccessfully. Of course program offices and Enforcement Counsel each have a vital interest in the policies of the other, and these must be carefully coordinated. However, because the legal remedies available to the agency vary under each statute, as do the relationships to state programs, maturity of the federal program, and many other relevant factors, it is difficult to provide a concise, generalized statement of organizational roles in more detail than has been presented here.

Therefore, we are developing fairly detailed memoranda between Assistant Administrators and the Enforcement Counsel which set forth their respective responsibilities and emphasize the need for careful coordination between offices whichever has lead responsibility. The first such memorandum was recently executed by the Enforcement Counsel and the Acting Assistant Administrator for Solid Waste and Emergency Response.

ENFORCEMENT

Question. Under the reorganization, the technical people in the Region are assigned within the different programs (air, water, toxics, etc.) to conduct monitoring inspections, etc. To ensure that violators are brought into compliance, they must work closely with the enforcement branch in the Region. How do you plan to set up such a line of communication to ensure that violators are brought into compliance.

Answer. One purpose of the reorganization is to place the technical resources for developing enforcement actions in the divisions which will have responsibility for making enforcement recommendations and/or decisions. This will integrate the enforcement functions along media lines and enable the Regional program managers to have all of the tools at their disposal which are needed to ensure compliance with environmental standards. The Environmental Services Divisions (formerly called Surveillance and Analysis Divisions) will provide support to enforcement efforts through monitoring, inspections and laboratory analyses. The technical staffs which formerly worked in the old Enforcement Divisions had close lines of communication with the technical staffs in the Environmental Services Divisions, and these communication lines will be simplified and improved by the change of location of the enforcement technical staffs, since support services for enforcement matters will be integrated with support services for all other programs operated by the media divisions.

GROUND-WATER RESEARCH

QUESTION: What is the budget for the ground-water research strategy for fiscal year 1983? How does the funding level compare with the Agency's budget projections in the September, 1981 Ground Water Research Plan? Is the Agency still pursuing the objectives of the research plans?

ANSWER: The proposed Agency ground-water research budget for FY 1983 is $7117.1K, which compares with $7359.5K budgeted in FY 1982 and an estimate of $7994.7K in FY 1982 contained in the Ground Water Research Plan. The amount in FY 1981 for this was $3818.6K.* There were no FY 1983 estimates in the Plan. The goal of the Plan, to provide a sound scientific basis for any regulatory action to protect ground water, is still being pursued as are the objectives, which include improvements in (1) methods for detecting and monitoring of ground-water contaminants; (2) methods for determining the transport and transformation of contaminants in the subsurface; (3) methods for predicting the behavior of pollutants in aquifers based on subsurface (site-specific) characteristics and on characteristics of the pollutants; (4) data for regulatory and management decisions on control of specific sources of underground water pollution; and (5) the state-of-knowledge concerning _in situ_ aquifer reclamation methods.

* These resource figures include both intramural and extramural funds.

HAZARDOUS WASTE

Question: What level of funding supports completion of the Phase II RCRA regulations covering technical and financial responsibility standards for facilities and what is the schedule for final promulgation of these standards?

Answer: In fiscal year 1983, the level of funding which we plan for the Phase II regulations is 18.0 workyears and approximately 1.5 million dollars. These resources are in addition to the 35 workyears and 3.5 million dollars EPA estimates are being devoted in fiscal year 1982 to support the {3004 regulations covering technical and financial responsibility standards for facilities, including regulatory impact analyses.

All the section 3004 regulations will be promulgated in final form before the end of calendar year 1983, after completion of regulatory impact and associated analyses such as the degree of hazard study. The regulations will remain in interim final form until that time. Technical regulations covering storage and treatment in tanks, containers and piles, and incinerators were promulgated in interim final form in early 1981. Closure and post-closure financial responsibility regulations will be promulgated in interim final form in March 1982. The Agency is finishing its preparation of the land disposal standards so that all parts of these regulations may also be promulgated in interim final form as soon as possible. We are still considering the issue of third party financial liability.

Question: Can you tell me what the "degree of hazard" approach to regulatory reform in the Phase II requirements means and how this approach will change current programs?

Answer: The Agency's "degree of hazard" approach establishes an analytic framework that will identify the possible tradeoffs among the risks, costs and administrative feasibility of various regulatory approaches. For any waste management situation, the degree of risk and cost depends upon the interaction among wastes, environmental settings, and technologies for pretreatment, treatment and disposal of wastes.

The approach consists of a computerized matrix organizing characteristics of waste-environment-technology combinations. Each combination in the matrix describes the disposal of a particular waste by a given group of technologies in a specified environmental setting. The Agency will estimate risks and costs for each combination.

Within the context set by risks and costs, the Agency is developing categorization schemes for waste, environment and technologies. Key factors in the analyses include the following:

Cost - identify real resource costs of waste disposal (principally capital and operating costs)

Risk - identify human health risk focusing on the interaction of toxicity and exposure

Waste - analyze a number of categories of wastes defined to emphasize difference in risks to humans

Environment - analyze different environmental settings to emphasize differences in the sites' ability to assimilate the toxic material, the persistence of the toxic material, and the population exposed

Technology - analyze families of pretreatment, treatment, and disposal technologies applicable to particular wastes in particular environments.

Prior to the development of the current "degree of hazard" strategy, the Agency felt it was unable to make distinctions between varying degrees of hazards among different kinds of waste management practices. This may have led to overly stringent regulations resulting in unnecessary burdens in some cases.

Question: How does the Agency propose to correlate costs with potential environmental risk?

Answer: The Agency is attempting to strike the appropriate regulatory balance to achieve environmental protection without massive overregulation that might cripple the economy or cause unreasonable hardship on a particular segment of our society. The difficult questions of how much environmental quality to achieve with our program and the manner in which we calculate, analyze, and compare these data are dependent on the specific area we are studying, the precision of our knowledge, and other factors. The Agency is performing Regulatory Impact Analyses required by Executive Order 12291 and the "degree of hazard" project to develop this information. The correlation of cost with environmental risk will be dependent on the result of these studies and will be evaluated on a case-by-case basis.

HAZARDOUS WASTE

I understand that the hazardous waste program is exploring the possibility of issuing generic or class permits for certain categories of hazardous waste facilities - for example storage facilities.

Question: Will this action require administration or statutory action?

Answer: The class permit concept does not require statutory action. Unlike the general permit, the class permit identifies individual facilities that are included in the permit and provides opportunity for public participation (including public hearings on each facility). The Agency expects to propose a class permit rule, later this year, which will describe the procedures and process and identify the permit condition for the first class.

Question: What kinds of facilities would not be allowed to use a class permit?

Answer: We expect that the class permit can be used for many storage facilities and, perhaps, many treatment facilities. There are over 7,000 existing interim status storage facilities that need to be permitted. We believe that significant efficiencies can be obtained, both for EPA and the regulated community, by grouping many of these facilities into several classes and bringing them into permit status through class permits. The Agency will determine where it can and will use class permits and will use a class permit only where a high degree of commonality occurs among individual facilities within a class. Where site specific, waste specific or facility specific situations demand a high degree of individual attention and specific permit conditions, a class permit will not be used. Thus, we see little or no use of class permits for land disposal or incinerator facilities.

HAZARDOUS WASTE PERMITTING

QUESTION: I understand that EPA is currently working to consolidate hazardous waste permitting with four other programs--National Pollutant Discharge Elimination System (NPDES), Underground Injection Control (UIC), 404 and the Prevention of Significant Deterioration (PSD) programs:

What is the timing for having the consolidated program operational?

Answer: The consolidated permit program became operational when the Consolidated Permit regulations were promulgated in May of 1980. The regulations combined the permitting procedures and requirements for various programs into one package. The purpose of the Consolidated Permit program was to establish as much consistency between Agency permitting programs as possible considering the differing requirements of four different Acts. Vice President Bush's Task Force on Regulatory Reform identified these regulations as one that the Agency should review. The Consolidated Permit regulations are currently being reviewed and any resulting revisions may have an impact on consolidation. The revised regulations are expected to be proposed in August of 1982.

QUESTION: Will the consolidation result in economies for EPA and those seeking permits? If so, what is the magnitude of savings?

ANSWER: The orginal concept of consolidation was established on the basis that there would be economies for EPA, and permittees. The establishment of consistent requirements and procedures was intended to provide a savings both in terms of time and burden of information required to get a permit or permits. Estimates indicated that when a hazardous waste permit could be consolidated with another permit, a workday savings of some 25% could be achieved as compared to separate permits being issued with separate applications, separate procedures and separate requirements.

Since the hazardous waste and underground control permit programs have yet to achieve full scale operation, it is impossible to assess economies resulting from consolidation. Some savings have undoubtedly occurred by the development of the regulations and common application forms. Again, the consolidation effort will be impacted with the revisions to the regulations. It is anticapated that the revised regulations, while not mandating a futher degree of consolidation, will result in savings to both EPA and industry, by reducing paperwork and reporting requirements.

QUESTION: What level of resources does hazardous waste permitting now require and what will the new program require?

ANSWER: The hazardous waste program is still gearing up to implement the permitting portion of the hazardous waste program. FY82 is the first year that hazardous waste permits will be issued. In FY83, EPA expects 209 workyears will be devoted to hazardous waste permitting for both existing and new facilities.

Permitting will begin with those facilities for which effective standards exist. As EPA promulgates the remaining standards, additional facilities will become eligible to receive hazardous waste permits. There are approximately 11,000 existing hazardous waste storage, treatment and disposal facilities that could be eligible for permits.

The impact of the "new" program may have an effect on the total resource needs for hazardous waste permitting, but it should have little, if any, effect on year to year resources. The FY83 proposed resources are not at a level sufficient to issue all available permits. As such, instead of a reduction in resources, any savings achieved through consolidation would result in a larger number of permits being issued in that year.

SUPERFUND

On February 1, 1982 you announced the establishment of a special enforcement task force to accelerate clean-up by private parties at hazardous waste sites under Superfund.

Question:

Do you anticipate that this action will result in more voluntary clean up at sites?

Answer:

Yes, we do expect more voluntary clean-up at sites.

Question:

Based on previous experiences with parties involved at such sites how likely is voluntary clean-up?

Answer:

Our experience has been varied and limited, to date. Whether or not voluntary clean-up is initiated depends to some extent on the specific sites and responsible parties at the sites. However, there are various incentives for private parties to voluntarily clean-up:

- The statute (CERCLA) itself creates powerful incentives for voluntary clean-up.
- Responsible parties may believe that the government will incur substantially higher costs in clean-up actions than they would themselves. Therefore, rather than risk being held liable for the cost of a government clean-up, responsible parties may prefer to undertake clean-up in the first place when offered the chance to do so.

SUPERFUND

I understand that the Corps of Engineers will be involved in contracting for the actual clean-up and containment of hazardous waste sites.

Question: Will the Corps involvement result in a dollar saving to EPA?

Answer: We project that costs will be the same when projects are managed by the Corps as they would be if managed by EPA. It is possible that Corps expertise in construction management will lead to some cost savings; however, the primary rationale for the Corps decision was the desire to take advantage of the construction management expertise of the Corps.

Question: Who will actually make decisions regarding level of clean-up and technology to be used?

Answer: EPA will make decisions on the appropriate levels of clean-up and the nature of the remedy. The Corps role will be limited to management of privately contracted design and construction activities. The actual work will be done by private contractors.

Question: What is the mechanism for EPA's providing funding to the other Agencies responsible for Superfund activities? At what level are the Department of Health and Human Services and the Department of Justice to be funded?

Answer: Executive Order 12316 directs that EPA assume responsibility for the management of an interagency budget process for agencies with Superfund responsibilities.

Based on submissions from the member agencies of the National Response Team, EPA developed a consolidated Superfund budget request for all Federal agencies for inclusion in the FY-83 President's budget.

Specific budget allocations will be provided to those agencies with on-going responsibilities that can not be linked to incident specific activities; e.g., ongoing staff costs related to the conduct of toxicological tests by Health and Human Services.

EPA's policy is to fund all incident-specific activities of Federal agencies on a reimbursable basis, using interagency agreements

The funding for FY-82 and FY-83 for on-going responsibilities are:

Agency	FY-82	FY-83
Health and Human Services	$3344	$3217
Department of Justice	$2000	$2100

Interagency agreements transferring funds for these ongoing activities were signed by EPA on February 24, 1982, and are being transmitted to the agencies for their signature this week.

Question: The budget indicated that 11 sites will be cleaned-up under Superfund in FY-83. At how many sites have clean-up activities actually been undertaken?

Asnwer: EPA has signed two cooperative agreements with States which transfer Superfund monies and authorize State management of actual site cleanup activities. These agreements are with New Hampshire on the Nashua site and Rhode Island on the Picillo site. In addition, the Agency has allocated funds for clean-up activities at six other sites; such activities would start after approval of either a contract or a cooperative agreement with the State.

WATER QUALITY PROGRAM

Question: In 1981 the budget for water quality programs was $318 million and you are proposing a budget for 1983 of $186 million. What areas are these reductions coming in?

Answer: Reductions in 1983 from 1981 reflect the following:

- Grants for the Section 208, Clean Lakes, and academic training programs are not requested ($46.7 million), and the funding level for 106 grants is reduced ($9.4 million).
- No resources are requested in 1983 for the Chesapeake Bay Study, which will be completed in 1982 ($1.9 million).
- Workyears and funding are reduced in the effluent standards and guidelines ($16 million) and monitoring and analysis ($1.2 million) programs.
- Reductions are made in State water quality programs management resources ($6.3 million) due primarily to the termination of contractual activities in support of the Section 208 grants program, termination of training programs for waste water treatment plant operators, completion of the Congressionally-mandated Flathead River Environmental Impact Statement, and reduced EPA oversight of State financial assistance programs. Great Lakes program funding is reduced, focusing resources on international agreement requirements ($3.8 million).
- Reductions are made in the Construction Grants program ($14.2 million) due to significant increases in State delegation and legislative and regulatory reforms. These changes have resulted in reduced resource needs for project management and State oversight, and a more streamlined, cost-effective program.
- For Water Enforcement and Permits, the reductions in resources ($7 million) come from several areas. The enforcement responsibility associated with case development and legal activities has been transferred to the Enforcement Policy and Technical Support Subactivity. The Agency is revising the existing permitting regulations to streamline the permitting process, by reducing paperwork and reporting requirements, and by providing more flexibility to States in receiving and administering the NPDES program. During FY 1982, two additional States will take over the administration of the NPDES program. This will reduce somewhat the resources needed by EPA in FY 1983 for issuing permits, assessing compliance and, where necessary, pursuing administrative enforcement actions. The Agency will be focusing on more efficient ways for assessing compliance through improved quality of self-monitoring data, through reforms to the discharge monitoring reporting requirements and improved compliance inspection strategies. The Agency will focus on issuing second round permits only for industries where guidelines have been promulgated or where no guidelines are scheduled and in areas with known or suspected impairment of use attributable to water pollution. Finally, the Agency will be focusing on use of resource saving general permits and through coordination with other Federal Agencies to eliminate unnecessary duplication of effort.

Question: What was going on in 1981 that won't be in 1983?

Answer: The following 1981 activities will not be conducted in 1983:

- Clean Lakes Program

  No additional resources are requested. The Agency believes that it has sufficiently demonstrated lake restoration techniques and that the States can now integrate clean lakes into their water quality management programs if they are of sufficient priority.

- Effluent Standards and Guidelines

  All technical and field and laboratory studies will be completed. Efforts will concentrate on selecting options, preparing documentation and responding to public comments prior to promulgation.

  The 40 site POTW study will be completed.

  No new synfuels projects will be initiated. Current projects (low Btu coal gasification and ethanol process) will be completed and guidance for permit writers prepared.

- Monitoring and Analysis

  There will be less oversight of State monitoring programs. Resources will focus on efforts to help the States implement a water monitoring strategy. This strategy is designed to more effectively use local, State and Federal resources available for collecting anlayzing and interpreting water quality data for criteria decisions, such as site specific standards setting, wasteload allocations and evaluation of results.

  Sampling and analyses of toxic organic pollutants is reduced. The Agency has found that these pollutants are not as prevalent in surface waters as originally thought.

  The pollutant exposure and risk assessments and area-by-area analyses needed to meet requirements of paragraph 12 of the NRDC Consent Decree will be completed in 1982.

- Section 208 Grants and support related to Section 106 and 208 Grants

  In 1981, the Agency obligated $33.5 million for 208 grants. New funding for the program was terminated in 1982. Also, in 1981, the Agency obligated over $5.6 million to continue development of the Congressionally-mandated Flathead River Environmental Impact Statement, to support water pollution control training programs for local, State, EPA, and private sector personnel, and to provide expert technical assistance to prototype nonpoint source control projects funded under Section 208 grants. Funding of these activities was completed in 1981 or 1982. In addition, Agency staff were more directly involved in negotiation and oversight of Section 106 and 208 grants with State and areawide agencies. Regulatory and administrative reforms and the termination of the Section 208 grants program in 1982 has reduced EPA resource needs in this area.

- Construction Grant Project Management

  In 1981, the Agency was responsible for all Construction Grants project management responsibilities in 18 nondelegated States and Territories and for partially delegated project management activities in 44 States. In 1983, only 11 States and Territories will not have accepted delegation; 25 States will be fully delegated. The Agency also has shifted its State oversight emphasis between 1981 and 1983 from a project-based oversight to overall results-oriented program management oversight. This shift has significantly reduced resource requirements while maintaining an effective Federal role with the States.

- Enforcement and Permit Issuance

  Activities that were accomplished in FY 1981 that are not included in the FY 1983 budget include the legal enforcement activities which are now included in the Enforcement Policy and Technical Support Subactivity. Most other compliance and permit activities will continue in 1983 but more focused or at reduced levels due to streamlining and other reforms discussed in the previous question/answer.

Question: Will we achieve our water quality goals in as timely a manner with much less funding? Please tell the Committee how?

Answer: Yes, I believe we will be able to achieve these goals with fewer resources without significant delays. We have completed most of the background work, such as the technical studies serving as the basis for effluent guidelines and water quality criteria. These lay the foundation for moving forward with specific pollution controls. Our proposed reduction in resources reflects our nearing completion of these efforts.

As we move forward to implement controls necessary to meet water quality goals, we will be concentrating on identifying those waters which have the severest water quality problems. In the past, we have used more of a broad brush approach, trying to do something everywhere regardless of the relative severity of problems. This approach is reflected in past efforts to develop major fixed monitoring station networks and in modifying water quality standards on a statewide basis every three years.

Now we believe that it is more efficient to first screen out those areas without significant problems (in many States, the majority of surface waters are meeting water quality goals). We will then prioritize those areas with significant problems, and work with the States to concentrate evaluation and control efforts on these specific waters. Available resources will be better utilized as we limit, for example, toxic pollutant monitoring, which is quite expensive, to those areas where problems are to be expected based on the presence of industrial or other toxic pollutant sources in that area.

The Construction Grants program, too, has moved in this direction with the 1981 amendments to the Clean Water Act and a major revision of program regulations. Working with the States and the Corps of Engineers, we will ensure that limited construction grants funds go to projects with the greatest water quality and public health impact and that resources -- Federal, State and local -- are directed to tasks that produce direct environmental benefits and not to fulfilling meaningless procedural requirements.

I am convinced that through this approach we will continue to make progress where it is needed most. Even with a larger Federal investment historically, we have lost time because of the broad brush approach of the past. While some of the deadlines in the Clean Water Act will surely be met, others may already be unreachable as a result of past policies. In the days ahead we will want to engage in dialogue with the Congress about establishing a more realistic schedule.

Question: I believe in long range planning. What do you view as the key long-term issues that affect water quality and does your budget reflect these issues?

Answer: Long range planning has always been an essential part of EPA's operations. A recent example was the Construction Grants 1990 study. While the strategy developed was not adopted formally, the debate and analysis which was engendered has resulted in significant changes in program direction. Title II reforms legislated in 1981 addressed a number of funding issues identified in the strategy. Additionally, current management of the construction grants program places much greater emphasis on compliance, municipal self-sufficiency and long-range financial management.

There are currently a number of key long-range issues. The successful control of toxic pollutants from point sources is an obvious one. Our major effort in this regard is the establishment of effluent guidelines for most primary industries by the end of FY 1983. The issuance of permits establishing control limits is, of course, a corollary to this effort.

Another key long range issue affecting water quality is the question of upgrading the quality of States' water quality standards, both the designation of uses and the numeric criteria that reflect the physical, chemical and biological characteristics of the water bodies to which they apply. The EPA budget supports the development of regulations and guidance materials to support this effort which we believe is the key to the Nation's effort to clean up waterways. One of the principle reasons for the major focus the Administration is placing on improving the water quality standards process is that until the Nation has achieved installation of the minimum technology based requirements provided for in the Act, designated uses provide a basis for assuring adequate protection of waterways. This is primarily a State responsibility, although EPA will be a strong supporting actor in the upgrading of water quality standards in the future.

We have currently underway an internal Agency effort to develop a groundwater strategy, another key long-term issue. This effort will define long range needs in terms of Agency resources, as well as alternative institutional roles for the EPA, State, and local governments in the implementation of a plan for protecting ground water resources. At this time, this is not a highly resource intensive effort, but at such time as the strategy is developed and resource requirements are clearer, the Agency will address that issue.

A final issue where long range planning is warranted is that of the disposal of municipal sludge. The Agency has initiated efforts to develop guidance under Section 405 of the Clean Water Act to assist municipalities to make determinations concerning cost effective choices among a number of alternative reuse and disposal methods. We believe that we have adequate resources in our budget to carry on with this work in FY 1983.

WATER QUALITY STANDARDS VS. STATUTORY REQUIREMENT

Question: In my opening statement I singled out a statement on the use of water quality standards by EPA. Would you elaborate on that for us.

Answer: The statement on page WQ 17 in the Agency budget submission is in error. The Agency has submitted a corrected statement which reads as follows. "This research will allow the development of more scientifically valid, site-specifc water quality standards." The intent here is to direct research efforts to improving the scientific basis for water quality standards by developing criteria modification protocols which will allow the translation of laboratory derived criteria to site-specific criteria. The result should be the adoption of more realistic State water quality standards. I believe that this clarification makes clear the Agency's intent to uphold the legal requirements of the Clean Water Act in respect to technology-based controls for permittees.

This issue is closely related to that of developing a sound ocean disposal policy. As you know, our budget proposes a revised ocean disposal program which will allow the oceans to be considered as an acceptable disposal mechanism for wastes, along with such alternatives as land disposal and incineration. The revised program still will allow the Agency to meet the statutory goal of not disposing any materials which will cause unreasonable degradation of the marine environment. We believe an environmentally sound ocean disposal program is critical to the ultimate clean up of the Nation's waters.

Question: How does that relate to permitting industries which is now going on?

Answer: BPT, BCT and BAT remain the basis for permitting industry, except where more stringent requirements are necessary to protect water quality. Where water quality problems exist, however, the role of water quality standards will be enhanced and this will assure permit conditions that are effective in resolving localized problems.

Question: Isn't that just what we tried to get away from in passing the Act?

Answer: The 1972 Act did get away from an approach that relied exclusively on water quality standards, but it also preserved water quality standards and their use in permitting as the assurance that ambient quality will be protected. We are trying to improve the water quality standards process by strengthening the underlying science and making standards more useful and effective in the permitting process when used in their proper way.

Question: Of course it is. On page 28 of your budget summary book it states that "In 1983, the program will emphasize the scientific basis and beneficial impact on water quality of NPDES permits." What I want to know is how the Agency can allow this course when the law requires you to set technology based standards to control pollution, and basing industry permits on guidelines?

Answer: The course of action signaled by 1983 plans to emphasize the scientific basis of NPDES permits and the beneficial impact on water quality of issued permits is not an approach at odds with the basic principals or specific provisions of the Clean Water Act. In 1983, our intent is to focus our permitting efforts in known water quality problem areas. BPT, BCT, and BAT remain the basis for permitting industry, except where more stringent requirements are necessary to protect water quality.

Question: The law requires best professional judgement to be used absent the guidelines that will be promulgated and having those applied to the permits. Do you agree with that approach to permit writing?

Answer: Our approach to permit writing will continue to base limits on technology and/or water quality standards consistent with the Clean Water Act and the specific provisions of Section 402. We plan to focus our activity on water quality problem areas, relying on water quality standards, on promulgated effluent limitation guidelines and on best professional judgement, where guidelines are not planned. Where guidelines are planned but not yet promulgated, our general approach will be to await guidelines except where water quality problems indicate the need for upgraded permit conditions. In those cases, our assessment of appropriate permit limits will be based on water quality needs.

QUESTION SUBMITTED BY SENATOR BAKER

RESEARCH AND DEVELOPMENT - ENERGY

Question

The energy program sustained the largest reduction for an individual research and development program going from $84.5 million in fiscal year 1981 to $34.5 million in the fiscal year 1983 request -- a 60% reduction. Personnel are to be reduced from 147 permanent workyears in fiscal year 1981 to 62 workyears in fiscal year 1983.

- What are the reasons for such a drastic shift in program emphasis and will the work discontinued at EPA be continued in the private sector or in other Federal agencies?

Answer

In spite of the reduction in the energy program, ORD will still be able to maintain a credible energy program which addresses pollutants associated with both synthetic fuel and conventional combustion processes. The net decrease can be explained in terms of the following reductions.

First, research on synthetic fuels was reduced primarily because synfuel commercialization efforts have slowed down considerably; it is premature to conduct further research on some synfuel control technologies until commercial facilities are built; and the synfuels industry has both the incentive and the resources in many instances to conduct research in this area.

Second, research on conventional control technologies for air pollutants was decreased because there is a reduced need for federal involvement as control technologies near the commercialization stage. The private sector has the capability and incentive to undertake final development and commercialization of new technologies upon successful completion of pilot scale testing.

Third, research on the environmental effects of energy-related activities was reduced due to the completion of research in the following areas: visibility, residential heating, mining and reclamation in arid and semi-arid regions; prolonged elevated pollution episodes; and the effects of offshore oil and gas drilling and energy development on coastal ecosystems.

Fourth, additional research on the health effects of energy-related pollutants will be addressed within the context of ORD's non-energy program if necessary.

Fifth, research on liquid effluents from conventional power plants, coal mining and coal preparation facilities was completed.

Finally, energy-related research which can more appropriately be aligned with the non-energy program was consolidated in the base program. This included research on control technologies for oil spills, and research to develop protocols for hazardous spills.

QUESTION SUBMITTED BY SENATOR ABDNOR

One of the sites EPA has identified for remedial action under the Superfund is at Whitewood Creek in South Dakota. The State of South Dakota, together with Homestake Mining Company, has outlined a proposal to determine appropriate remedial action. The State Department of Water and Natural Resources fears that any dredging in this area could stir up sediment which presently may rest at the bottom of the creek, resulting in the contamination of nearby domestic wells. In other words, dredging could create a more significant problem than exists currently.

Question: Would you please comment on this situation?

Answer: It is our understanding that the State has taken the lead in discussions with one of the responsible parties on the problems at Whitewood Creek. Additional responsible parties are still being sought. EPA is not aware that a proposed remedial action or solution has been identified. Any proposed remedial action will receive close review for environmental engineering and economic impacts, including those of concern to the South Dakota Department of Water and Natural Resources.

QUESTIONS SUBMITTED BY SENATOR GORTON

MOBILE SOURCE NON-ENERGY

Reductions in the "environmental Processes and Effects" program within the "Mobile Source Non-Energy" program are based on a concentration "entirely on characterizing emissions from in-use vehicles, which support the intention of the regulatory office (Air) to move to a fleet-averaging approach to emissions controls."

Question: Is statutory change necessary to make this change? Do you intend to request it?

Answer: A very limited averaging program, such as recently proposed for light-duty diesel particulates, is, we believe, consistent with the current Clean Air Act. More expansive averaging program may require statutory amendment. We intend to consider what types of averaging approaches are desirable from the standpoint of controlling emissions in a cost-effective manner; if a desirable scheme requires statutory change then we will seek such a change.

RESEARCH AND DEVELOPMENT - HEALTH EFFECTS

The "Health Effects" program within the Toxic Substances, Chemical Testing and Assessment Non-Energy account, though increased in salaries, is reduced by more than $2,000,000 in research and development money. This decrease represents, as I understand, completion of much of the research for the initial implementation of the Toxic Substances Control Act test guidelines.

Question: Would you please describe for me what has been completed and what is the intended remaining research?

Answer: Research used in developing the first Toxic Substances Control Act (TSCA) Section 4 test standards has been completed. These TSCA Section 4 guidelines will be published in the National Technical Information System (NTIS) in 1982.

The Gen-Tox program also contributed heavily to the developing of Section 4 test standards. This program of systematic, scientific evaluation of selected mutagenic and presumptive carcinogenic bioassays is in the final stages of completion.

It should be noted that TSCA Section 4 requires review and any necessary revisions of these testing standards at least annually. Research will be conducted as needed to support the scientific process of this review.

Major research emphasis now shifts from TSCA Section 4 to support of the requirements under TSCA Section 5 pertaining to premanufacturing notification of new commercial chemicals or of significant new uses of chemicals.

The research program for Section 5 is to predict effects before much testing has been carried out. EPA is seeking to develop Quantitative Structural Activity Relationships (QSAR) which will permit prediction of adverse effects based on physical and chemical similarities to other known compounds.

MOBILE SOURCE
STREAMLINED CERTIFICATION PROCESS

Reductions in the "Emissions and Fuel Economy Compliance" program within the "Mobile Source Air Pollution Control and Fuel Economy" program are based on a "streamlined certification process."

Question: What is this streamlined process? Is this change based on change in statutory authority or administrative policy? If administrative policy, what is the rationale behind this change?

Answer: The streamlined process is a change to the program of certification of new motor vehicles and engines designed to reduce the burdens associated with certification, without sacrificing assurances that are capable of meeting standards. These changes are strictly regulatory in nature and do not require statutory change. The changes have the effect of reducing the number of tests manufacturers have to perform and providing greater flexibility in the manner in which the tests are performed to reduce costs.

QUESTION: A reduction in the "Environmental Processes and Effects" program within the same account is based on a similar completion of initial test method development on environmental fate and toxicity required for implementation of the Toxic Substances Control Act. Would you explain the status of this work?

ANSWER: Our work in the Environmental Processes and Effects program within the Toxic Substances, Chemical Testing and Assessment Non-Energy account, is focused on developing tests for defining the fate and toxicity of chemicals. These tests are needed in implementing section 4 of the Toxic Substances Control Act and in evaluating the potential toxicity of new chemicals as required by section 5.

At the time the Toxic Substances Control Act was passed, there were very few tests available. Over the past few years, therefore, many new tests had to be developed and validated. The Agency's research work has succeeded in this as exemplified by this partial list of recently completed tests:

- Hydrolysis and direct photolysis in water;
- Sorption of organics on sediments;
- Acute toxicity tests for a marine polychaete, a freshwater fish, and estuarine organisms;
- A 48-hour oyster embryo/larval test;
- A bioconcentration test using the eastern oyster;
- A terrestrial stress ethylene bioassay;
- A Daphnia renewal life-cycle test.

These tests are representative of those developed in the first stage of study to meet the most crucial needs and to fill the obvious information gaps.

Our goal in developing these tests is to provide methodologies which are accurate, reproducible, and rapid to perform, thus greatly reducing the cost and burden to industry in their chemical testing requirements. We are now in the second phase of test development in which we have carefully evaluated the number of tests still required and have reduced the scope of our work to include only the absolute minimum number of methods. The following tests are among those currently in progress:

- Defining the leaching of chemicals in soils;
- Effect of organic matter on hydrolysis, photolysis, and biodegradation;
- Reactivity of air pollutants with ozone and hydroxyl radical;
- Toxicity of bioactive residues to plant systems;
- Rapid screening tests for toxicity to freshwater invertebrates and lower plants;
- Acute and chronic toxicity of marine and estuarine organisms;
- Impact of contaminated sediment and water on benthic infaunal crustaceans and polychaetes.

Inasmuch as the Agency's perceived testing needs change as the program matures and as more sophisticated methodologies become available, our current test method development activities are constantly reevaluated to emphasize only those which are necessary and sufficient for implementation of the Toxic Substances Control Act.

RESEARCH AND DEVELOPMENT - HEALTH EFFECTS

In general, the Health Effects research is reduced in the areas of air, water quality, drinking water, radiation, and toxic substances. Because most of the Agency's standards and regulations are based on protection of human health, it seems critical to maintain funding for health effects research at a fairly constant level.

Question: Will the Agency have an adequate data base for establishing standards and regulations in the short-term and more importantly in the long-term if adequate health effects information is not generated?

Answer: The Agency's health research program is adequate to provide the health effects data base necessary to support the development of standards and regulations. In our planning process, health research studies are designed to answer the scientific questions and provide the data to support regulatory development.

The Agency has requested forty-four million dollars for health effects research in fiscal 1983. Health research for the air program will focus on the human exposure to air pollutants. In the water area, the Agency will study the effects of land application of sludge to food chain crops. Research will continue on the occurrence and effects of organic, inorganic, and microbiological contaminants in drinking water. Hazardous Waste health research will involve the validation and implementation of rapid response test methods for evaluating the toxicity of complex mixtures. Pesticides research will include work on the exposure of young farmers to chemical pesticides, while the Radiation program will continue to examine the health effects of nonionizing radiation. Toxic substances research will focus on developing and validating tests and methods to predict any adverse health effects which may occur as a result of exposure to a certain chemical. In the Energy area, this research will involve risk assessment work on synfuel pollutants.

While this budget represents a sixteen percent decrease from fiscal 1982, this reduction will be achieved through better linkage of research to regulatory needs, management efficiencies, and completion of certain projects. For example, EPA will use a more cost-effective sampling technique to detect pollutants in drinking water. Also, most of the health effects research work for the water quality criteria documents, mandated by court order for sixty-five priority pollutants, has been completed. In addition, health effects research dollars have been increased in the Pesticides and Energy areas.

Question: Where else will such health effects research be conducted?

Answer: The scientific community in general, such as Universities, State Health Departments, private companies, and various scientific research institutes and foundations conduct research relevant to environmental health issues. Historically, the scientific community has been the predominant source of data required for regulation and we think this is appropriate.

Several other federal agencies conduct research relevant to environmental health problems. EPA actively participates on several interagency committees to ensure that EPA's health research program is integrated with research in other Agencies and to communicate EPA's research needs to other Agencies for consideration in the design of their research programs. Several other agencies and institutes conduct research beneficial to EPA. Perhaps most prominent among these are the many health institutes of the Department of Health and Human Services.

STATIONARY SOURCE ENFORCEMENT

The Stationary Source Enforcement program, exclusive of the transfer of legal personnel to the Office of Legal and Enforcement Counsel, is reduced by over $8,000,000. I understand that this is based on a policy determination to rely more heavily upon state and local agencies for enforcement of air quality regulations, as well as, a policy directed toward the enforcement of regulations only against larger violators.

Question: What is the basis for this policy change? What plans has the agency developed to assist states and local agencies in enforcement? Do states and local agencies have the revenue to perform this enforcement responsibility?

Answer: The Clean Air Act has since its inception recognized that the "prevention and control of air pollution . . . is the primary responsibility of State and local governments. We believe that with the level of maturity State programs have attained, it is appropriate to give full effect to the Congressional intent for State primacy with limited Federal oversight. The focus on larger sources simply reflect a desire to concentrate on these sources with the greatest potential benefit in terms of emissions reductions for the resources expended.

To assist State and local agencies in enforcement, EPA will be increasing its level of technical assistance both in terms of specific cases and in such program building activities as technical workshops. With the revenues available to States supplemented by this increased technical assistance to deal with particularly difficult cases, we believe States will have the resources and willingness to perform this responsibility.

QUESTIONS SUBMITTED BY SENATOR RANDOLPH

ENFORCEMENT

Question: In our oversight hearing with you last October, you asked to be judged on the results you have achieved. You also indicated that due to reorganization, it was too soon to see much in enforcement action. We have recently been saying that the mark of a mature environmental program is a shift from standard-setting to enforcement activities.

Your statement describes many of the environmental programs as mature -- yet the budget cuts funds and personnel for enforcement.

By what measure of performance in enforcement would you want to be judged at the end of fiscal year 1982?

Answer: The principal measures of our success should be the quality of the nation's environment, the level of compliance in the regulated community, and the speed and effectiveness with which instances of non-compliance are remedied. Of course these factors are all interrelated and our ability to measure each may be imperfect. While this may lead us to rely more heavily on surrogates which can be easily quantified, we should not lose sight of the fact that litigation is rarely the fastest or least costly tool by which we can accomplish environmental results.

MOBILE SOURCE PROGRAM

The proposed budget would reduce the level of assembly line and recall testing for mobile sources, and increase funds for the development of an alternative compliance testing system, such as are based on emissions averaging, which is explicitly not now permitted uder the Clean Air Act.

Question: How can you justify cutting the levels of current controls for vehicle standards compliance and in-use performance, such as 50,000 mile certification, assembly line testing and recall, and substituting the development of an alternative strategy, before requesting or receiving the legislative authority to make such radical shifts in the mobile source programs?

Answer: We are not substituting an alternative strategy. We will study alternatives, and we will test these alternatives under real-life conditions. We believe that we must find ways to make the control program more effective, with its primary focus on in-use vehicle emissions control. We have reduced the traditional compliance program because they have achieved what they set out to do. The process of change in programs started some years ago. The first reductions of the certification program were implemented in 1978. Similarly, we believe that reducing Federal assembly line test orders will not result in reduced manufacturer attention to production quality. Our recall effort will not diminish significantly. As far as averaging is concerned, we believe that we have authority for limited types of averaging, such as for diesel particulates emissions.

NATIONAL CONTINGENCY PLAN

In October I asked you about the status of the revised National Contingency Plan. The delay in publishing a revised National Contingency Plan under the "Superfund" law continues to be a problem. Of course, the existing National Contingency Plan is still in force and emergency and remedial action can be taken under that. But a cloud is raised by some of the issues which seem to be delaying the revision. We have heard that one major question is how much to clean up areas contaminated with hazardous substances. You are preparing the revised Plan as a regulation and as such it is subject to Congressional review or even veto. An attempt to restrain States or local governments or private parties in how they conduct their clean-up efforts would surely draw a Congressional veto.

Question: What is the current status of the Contingency Plan revision, and how is this issue being addressed?

Answer: The NCP revision is undergoing review at the Office of Management and Budget (OMB). EPA is prepared to publish the Plan as soon as the Agency receives the required approval from OMB.

The revised NCP contains methods and criteria for determining the appropriate extent of remedy as required by section 105(3) of CERCLA. Under the statute, responses taken under section 104(a) of the Act must be consistent with the Plan. The Plan also states that the same methods and criteria will be applied to determine the adequacy of clean-up proposed by responsible parties. This does not reflect an attempt to restrain States or local governments in their clean-ups.

RESEARCH AND DEVELOPMENT - ENERGY

Question: The limestone injection multi-stage burner (LIMB) low NO_x control tehcnology program continues in fiscal year 1983. Are actual demonstrations of this technology a part of the program for the next year? Does this technology look promising for commercialization in the near future?

Answer: In 1983, the low NO_x coal program will be in its final phase of data acquisition for wall-fired and tangentially fired utility boilers. Two demonstrations of the technology were begun in 1981, one at Western Illinois Power Cooperative (WIPCO) a 22 MWe wall-fired boiler and one at Utah Power and Light Company's Hunter #2 Station a 400 MWe tangentially fired boiler.

Tests are being run to document NO_x emissions, boiler reliability, boiler efficiency and fouling and scaling characteristics of the distributed mixing burner (DMB) and WIPCO and of the rich fireball concept at Utah Power and Light Co.

There will be no demonstration of the limestone injection multi-stage burner (LIMB) low NO_x/SO_x technology. In FY 1983 evaluations of LIMB technology will proceed on pilot scale equipment to determine its effectiveness on 10 to 20 U.S. coal types (lignite, bituminous and sub-bituminous) and with respect to sorbent types (limestone, lime, hydrated lime and trona) and other boiler related parameters.

The LIMB technology has shown great promise in terms of economical control of SO_x and NO_x emissions. We believe that results from the pilot and prototype testing program and the design criteria studies for a commercial LIMB process will be sufficient for industry to initiate commercial demonstrations.

In the low NO_x burner technology area, equipment manufacturers are already preparing to commercialize this technology and we expect to see activity increasing in the next few years.

STATE GRANTS

In both your written statement and in your oral remarks at the budget hearing on February 23, you mentioned program changes that allow the proposed cuts in State grants. Yet all the State grant programs are being cut by the same flat percentage. Surely the changes you speak of cannot have had the same effect in all programs. And some of the specific changes you cite, lengthening the water permits and making vehicle inspection and maintenance programs non-mandatory, would require legislative changes and still would probably not reduce State workloads in 1983.

Question: Are we not just reducing the total amount of State and Federal environmental effort by cutting State support grants?

Answer: We do not intend to reduce environmental effort and will continue to help the States meet their statutory responsibilities. We have reduced funding in our continuing grants, but not uniformly across the board. Part of the reduction comes from phasing out Clean Lakes, Drinking Water Special Studies, and Toxic Substances Enforcement grants. Two of our newer programs (Hazardous Waste and Underground Injection Control) will increase their share of funding, from 20 percent of our grants in FY 1982 to 22 percent in 1983. They will receive 84 percent of 1982 funding. Four grants (Air, Water Section 106, Drinking Water, and Pesticides Enforcement) will receive 80 percent of their FY 1982 funding.

You correctly observe that our reforms will not have the same effect in all programs, nor will we be able to implement the changes simultaneously. Nevertheless, we believe the savings from regulatory and administrative reform, coupled with State reforms, will be about 20 percent in total and near that amount in each program. We have also proposed more flexibility in funding for State grants so that the Regional Administrator and the grantee can accommodate the effects of our reforms.

QUESTIONS SUBMITTED BY SENATOR BAUCUS
GROUNDWATER PROTECTION STRATEGY

Question: I understand that the Agency has been contemplating reviving a form of last year's proposed groundwater protection strategy. What are the Agency's plans for this effort? Have any funds been requested to support it in the current request?

Answer: The Administrator has established a policy group composed of the Assistant Administrators for Research & Development, Office of Solid Waste and Emergency Response, General Counsel, and the Associate Administrator for Policy and Management to review the nature and extent of ground water contamination, EPA's programs and research devoted to ground water protection and the public reaction to the ground water protection strategy which was proposed by EPA in November 1980. This group is considering several options for EPA action in this area. They have not as yet developed a recommendation for the Administrator, but should do so shortly.

There are no funds specifically requested to support this policy analysis effort. There are, of course, substantial funds requested in the budget to protect ground water as that is a major aspect of the RCRA, Superfund, and Drinking Water programs, and one part of the Toxics/Pesticides program. In addition funds are being requested to support research in this area.

LONG-TERM RESEARCH

In the EPA Budget Summary of the Research and Development Program, one of the subheadings reads, "Using Research To Implement Regulatory Reforms." I find this statement to be troubling for several reasons. It implies that research at the Agency is being viewed as a finite activity with predefined results rather than as an exploratory endeavor. Environmental protection is founded to an extent of the unknown health and ecological effects of many activities and the interactions of many substances in the environment. Research outside of areas not directly linked to statutorily mandated regulatory programs is very significant.

Question: Would you comment on how and why you have adopted this policy? Was this policy formulated to conform with budget considerations?

Answer: A statement in our Budget Summary concerning "....research to implement regulatory reform" should not be interpreted in any way as signifying a decrease in emphasis on Research and Development or a narrowing of the perspective of EPA's Research and Development Program. We definitely do not believe that research should be used as a "....finite activity with predefined results rather than as an exploratory endeavor." There was, as we developed this budget, a strong effort to focus our research program, on issues of direct relevance to our mandatory regulatory programs. Given the extremely broad scope of this Agency's enabling legislation, however, this will in no way result in a "narrow" research program. We have never lost sight of the fact that EPA research and development programs must be mission oriented; that they provide the scientific foundation on which the Agency relies to regulate or control when human health or the ecosystem may be endangered. We have also always recognized however, that our research program must have two components, one addressed directly to the immediate and midterm needs of the Agency's regulatory programs, and another component still relevant to the broadly construed mandates of our legislation, but with a longer range, more exploratory focus. We have sought to manage these two components so as to assure we meet our needs for immediate support for the Agency's decision making, and at the same time allow the Office of Research and Development to continue to carry on its scientific leadership role, and provide long range "intelligence" directed to future problems, or those currently emerging and not being dealt with by existing regulatory strategies. This longer term research component is comprised of three activities: our Centers of Excellence Program--eight university-based Centers of Excellence charged with carrying out fundamental research in areas ranging from groundwater to control technology; our competitive grants program; and long term research conducted both through contracts and in-house at our laboratories. In 1983, we estimate that some $40.4 million is planned to support these activities. Although this is a decrease of some $11.3 million from the 1982 estimate, it constitutes a constant percentage (18.7%) of the total resources planned. Even though, given the atmosphere of fiscal austerity, our total budget request has decreased somewhate from 1982, we believe it of great importance to create a proper balance between our shorter term efforts and the broader more fundamental longer term research need to support fully EPA's mission.

MONITORING FOR INHALABLE PARTICULATES

Question: What is the significance of the reduction in the number of monitoring sites in the Inhalable Particulate Network?

Answer: The reduction in number of sites to 130 will not adversely affect the Office of Air Quality Planning and Standards (OAQPS) objective of obtaining a national picture of the relation between inhalable particulate (IP) and total suspended particulate (TSP) levels. A more careful selection of sites will result in a smaller, but adequate, number of sites. The increased analyses of chemical composition (metals) of the fine and coarse fractions will provide increased ability to differentiate man-made from natural sources.

Question: Is the network operational at present to the point where the data can be evaluated and utilized in completing the revision of the particulate matter standard?

Answer: Over 7000 filters from three different samplers (Hi-Vol for TSP; Size-selective inlet and dichotomous samplers for IP) have been analyzed for mass. Additional data from the second year of operation is being utilized by OAQPS for the revision of the standard.

PESTICIDES AND TOXIC SUBSTANCES

In a memorandum dated February 10, 1982 on enforcement to regional pesticides and toxic programs, Dr. Todhunter states, "In accordance with Agency guidance, where the violation does not evidence intentional or repeated disregard for the law, and where appropriate corrective action is taken, no enforcement action would be taken".

This statement sets forth a policy that is illegal under the Toxic Substances Control Act. These factors are material to determining the amount of penalty, but under the law enforcement actions are mandatory for these violations without regard to fault or intent.

Question: Does this statement reflect Agency policy with respect to enforcement or is it Dr. Todhunter's interpretation of Agency policy?

Answer: The February 10 memorandum to the Regional Administrators was written to emphasize Dr. Todhunter's concern that regional pesticides and toxics compliance resources be devoted to pesticides and toxics work. The memorandum attached his analysis of the organizational location within each region of these positions.

To provide some guidance regarding the program functions to which these resources should be applied, the memorandum also set forth general activities which should be performed by the regional program offices. These regional program activities include designing and implementing regional compliance monitoring strategies, conducting inspections, reviewing inspectional reports and data, consulting with facilities exhibiting deviations from requirements regarding voluntary corrective actions, and providing technical support to enforcement prosecutions where litigation is undertaken.

The sentence you have inquired about was not intended to constitute substantive program guidance regarding the standard of proof needed to initiate enforcement actions. It reflects Dr. Todhunter's view that initiating prompt and appropriate action to remedy violative conditions is the first goal of any compliance program. Guidance regarding the appropriate enforcement response to specific deviations from a rule would not be stated in one sentence of a memorandum to the Regional Administrators. Such guidance would require detailed examination of the nature, circumstances, and seriousness of the violation, as well as an analysis of the culpability, compliance history, and financial situation of the violator. Such guidance is currently being developed jointly by the Office of Pesticides and Toxic Substances and the office of Legal and Enforcement Counsel. Until such guidance is issued, existing penalty policies will continue to guide Agency response to violative conditions.

As you are aware, regulatory agencies are empowered and expected to tailor the use of enforcement remedies to the circumstances and risks presented by a detected violation. This agency and all agencies exercise such discretion in initiating and settling administrative penalty cases.

Question: What is the role of the Office of Legal and Enforcement Counsel in making Agency policy with respect to matters of this kind?

Answer: The Office of Legal and Enforcement Counsel shares responsibility with program Assistant Administrators for developing nationally applicable enforcement policies. The latter are chiefly responsible for devising approaches to assessing compliance and for resolving compliance problems informally, where that is appropriate. About 80% of overall enforcement resources are located in Headquarters and Regional program offices to carry out these activities. Within the Office of Legal and Enforcement Counsel, on the other hand, policy is developed which guides the resolution of cases where informal resolution is not appropriate or has been attempted unsuccessfully. Of course program offices and Enforcement Counsel each have a vital interest in the policies of the other, and these must be carefully coordinated. However, because the legal remedies available to the Agency vary under each statute, as do the relationships to state programs, maturity of the Federal program, and many other relevant factors, it is difficult to provide a concise, generalized statement of organizational roles in more detail than has been presented here. Therefore, we are developing fairly detailed memoranda between Assistant Administrators and the Enforcement Counsel which set forth their respective responsibilities and emphasize the need for careful coordination between offices whichever has lead responsibility. The first such memorandum was recently executed by the Enforcement Counsel and the Acting Assistant Administrator for Solid Waste and Emergency Response.

RESEARCH AND DEVELOPMENT - HEALTH EFFECTS/NCTR

The budget request emphasizes directing research and development resources toward supporting regulatory needs. Funding for example to the National Center for Toxicological Research which has been involved in long-term research projects is to be reduced.

Question: What efforts is the Agency supporting to study toxic health effects?

Answer: The Agency has developed a toxic substances health research program to support the implementation of the Toxic Substances Control Act. An objective of the program is the development and validation of rapid, reliable, and economic techniques to be used in predicting carcinogenic, mutagenic, teratogenic, and other deleterious effects to human biological systems which result from exposure to chemical substances. Research information is provided in support of the regulatory objectives for carrying out requirements of the Toxic Substances Control Act. These tests are to enable the Agency and industry to generate needed toxicity data in a scientifically valid and cost-effective manner.

In 1983, the program continues health effects research in support of the Toxic Substances Control Act. However, we can focus our research on refining and validating predictive methods and techniques because much of the research to support initial test guidelines and risk assessments for implementation of the Toxic Substances Control Act has been completed. Ways in which we are focussing our research follow.

A major emphasis will be to validate and refine tests and develop screening techniques to support the Office of Toxic Substances tier-test approach to test guidelines, the purpose of which is to limit test requirements to only those tests which are absolutely necessary and which best predict human response.

Much of the research is geared toward tests and methods which tell us about the ways a chemical metobolizes in the human system and the effects of the metabolized chemical on specific human organs and systems (such as the neurological system). A major objective of the research is to improve the selection of animal species which can serve as the best predictors of human response.

An important area of research will be the development and validation of methods to measure how much of a dose of a chemical a human has received (population toxicology). This population toxicology will add an important and effective quantitative dimension to small-scale epidemiological assessments which we do not have.

We are working on structure/activity models for the new chemical review process. The models will predict the behavior of chemicals with greater accuracy. The models will provide techniques and data bases which allow the user to make predictions about new chemicals based on a chemical's similarity to the structure and activity of existing chemicals about which we have information.

Our longer-term toxic health effects research should be conducted through our Exploratory Research program so that it can be integrated and clearly focussed with the Agency's overall responsibility to control toxic substances and hazardous waste. The Exploratory Research program identifies and supports long-range, mission-oriented research. In 1983, approximately $16.3 million will be devoted to our Exploratory Research program.

The National Center for Toxicological Research performs research that gives us general information on the toxicological effects of chemicals, that we may use along with other data. However, the research does not directly link to our regulatory program needs. We feel that our resources are better spent on research that does directly link.

The National Center for Toxicological Research was jointly established in 1971 by the Environmental Protection Agency and the Department of Health, Education and Welfare (now Health and Human Services) as a result of Presidential proclamation. The Center was to be administered by the Food and Drug Administration as a research center to resolve problems of common interest to Government, academia and industry in the field of toxicology. Core support for construction, renovation and research program development was provided by the Environmental Protection Agency and the Food and Drug Administration. The development of various research programs of common interest to several Federal agencies occurred in the late 1970's.

At the time when the Center was first conceived and organized, there was a need for an agency such as the Environmental Protection Agency to provide a major share in the core funding of the Center. To date, the Environmental Protection Agency has contributed a total of $44 million to the operation of the Center. Most of this contribution occurred prior to establishing the National Toxicology Program. The Center's program has reached maturity, and much of its program now falls within the misison and resources of the National Toxicology Program; it is therefore appropriate for the Center to derive resources from the National Toxicology Program which is more closely related to the Center's mission. In the future, the Environmental Protection Agency's support of the Center's research will be individually negotiated as special needs arise.

STATE GRANT SUPPORT

Question: The Budget request for State grant support of the drinking water program is reduced 20 percent over last year. After having assumed primary responsibility for their program, Iowa elected to return this responsibility back to the Agency over a year ago, in part because of inadequate resources. Under this reduced level of support to States, what will prevent other States from electing to do the same?

Answer: Iowa did return primacy in FY 81, however, the State is currently making an effort to reassume program responsibility. Other States may return delegations to EPA, however, there are no indications any intend to do so. We are optimistic that the States will continue with primacy programs.

It would be wrong to presume that States assume responsibility to provide for safe drinking water solely because a particular level of Federal financial support accompanies it. As a rule, States are predisposed toward accepting primary responsibility to protect the public health in their States if they are at all able to do so. States assume these responsibilities for many reasons, not the least of which are that they are much better suited to act at the local level and are able to provide better level of protection.

TOXIC SUBSTANCES CONTROL ACT

Question: It is stated in the budget request that the Agency is negotiating with the chemical industry to work out agreements for voluntary testing of chemicals by chemical companies. Would you describe how this system would work and how it would be monitored?

Answer: On receipt of ITC-designated chemicals, EPA informs the chemical industry and other interested parties of the testing it believes necessary to develop the data required for evaluating specific chemicals. Based on this information, industry may develop a proposal of tests it is willing to perform on the chemical. EPA reviews the adequacy of the tests in industry's proposal and makes the proposal available for public review and comment. Following analysis of the public comments EPA publishes a Federal Register notice along with industry's testing proposal. Together, the notice and the proposal form the basis for a "public" agreement about the testing to be done on the chemical. If EPA does not receive an acceptable industry proposal, the Agency will proceed with rulemaking.

EPA monitors the testing agreement by maintaining ongoing contact with the companies throughout the process of testing. Besides monitoring the appropriateness and timeliness of the testing, EPA insures the quality of the testing by auditing the laboratory practices employed by the company. Should the testing not be completed in good faith, EPA reserves the right to write a rule requiring testing.

QUESTION SUBMITTED BY SENATOR SARBANES

BELTSVILLE LABORATORY

Question: What are the Agency's plans with respect to the Chemical and Biological Investigations Branch Laboratory in Beltsville Maryland? It is my understanding that while the lab will not be closed, biological testing of pesticides, one of its major functions may be suspended. As this is the only in-house laboratory that performs this type of testing, where will the agency obtain unbiased data to evaluate the safety of pesticides, herbicides, rodenticides, and disinfectants?

Answer: EPA's Beltsville laboratory is not being closed. However, one of the laboratory's programs, biological testing of pesticides, is being phased out. No significant changes are planned for other programs at the laboratory.

Currently, manufacturers of hospital disinfectant and rodenticide products seeking EPA registration are required by the Federal Insecticide, Fungicide, and Rodenticide Act to submit extensive data demonstrating that these products are relatively safe and perform as claimed. The results of these tests are carefully evaluated by EPA scientists to determine their validity. Occasionally the data provided by the manufacturer is suspect or the manufacturer claims that it is not economically feasible for him to do the testing. These represent a very small portion of the test data. In these cases, the results were also referred to Beltsville for duplicate or initial testing. Given this Administration's strong interest in reducing inefficiencies and eliminating duplication, this activity will be eliminated.

In lieu of duplicate testing by its own laboratory, EPA will rely on the integrity of manufacturers and the laboratories which they may employ to perform efficacy tests, and the interest of the user community in assuring efficacious products. EPA has the authority to conduct audits of laboratories doing work to support pesticide registrations to check adherence to established good laboratory practices. Additionally, EPA believes that a significant number of organizations and hospitals also test disinfectants to ensure that their performance claims are valid. In those few cases where data is suspect or the manufacturer claims economic hardship, EPA can return the data to the manufacturer for additional testing or work with other federal laboratories to obtain quality assurance testing.

EPA's decision to phase out biological testing is not an abandonment of its commitment to public safety. Rather, by reallocating its resources elsewhere, EPA enhances its ability to protect the public at large from suffering adverse effects from pesticide products.

FISCAL YEAR 1983 BUDGET REVIEW

Federal Highway Administration

WEDNESDAY, FEBRUARY 24, 1983

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, D.C.

The committee met at 10 a.m., in room 4200, Dirksen Senate Office Building, Hon. Steve Symms, presiding.

Present: Senators Symms, Stafford, Murkowski, Randolph, and Bentsen.

OPENING STATEMENT OF HON. STEVE SYMMS, U.S. SENATOR FROM THE STATE OF IDAHO

Senator SYMMS. The committee will come to order.

It certainly is a pleasure to welcome you, Mr. Secretary, and Administrator Barnhart, to the committee's budget hearing on the Federal aid highway program.

I think, Senator Randolph, that I would note that Secretary Lewis' wife, Mary Lane, is here and she is a State legislator in Pennsylvania.

The Federal aid highway program is certainly a significant one, both to this committee and the Department of Transportation. It is the largest program this committee has responsibility for. Not only does the Environment and Public Works Committee authorize the highway program, but because contract authority is provided, we are also the appropriating committee.

The fiscal year 1983 budget request for the highway program represents 43.1 percent of the Department of Transportation's budget.

This is also a unique program, in that it is funded through highway user fees collected into the highway trust fund. These fees are collected specifically for the purpose of building and maintaining our highway system.

Both authorizing legislation and extension of the highway trust fund must be done this year for the program to continue.

The President's budget for fiscal year 1983 requests $8.058 billion for the highway program. This is a $600 million reduction from the fiscal year 1982 funding level, and over $1 billion reduction from fiscal year 1981.

With the rate of inflation the construction industry has experienced over the past few years is taken into consideration, the reduction in the program is even greater.

At the end of the third quarter of 1981, the composite index for highway construction costs was 157.3 percent of the 1977 base index.

The Department of Transportation's needs study and hearings which the Subcommittee on Transportation held last year demonstrate that long-term needs are clearly there: $38 billion to complete the Interstate System, $20 billion to rehabilitate existing interstate mileage, $40 billion to repair and replace bridges, and an undeterminate amount to repave most of the rest of the system by 1995.

Tax receipts into the highway trust fund have decreased the past 2 years. The estimated balance in the fund at the end of fiscal 1983 to $8.2 billion compared to $12.6 billion in fiscal year 1979.

I reluctantly supported reductions in the highway program last year because I believe it is important to reduce Federal spending. However, the decision this committee will have to make shortly is: at what point a continued reduction in the capital investment of our transportation system reaches the point where the infrastructure is seriously impaired.

In the long term, replacing this system is much more expensive than maintaining it. A functioning transportation system is essential for economic recovery.

The committee will be reviewing what the role of the Federal Government should be, how large a contribution States are able to make, and what level of revenues are necessary in the future to maintain our highway system.

I also would like to commend you, Mr. Barnhart, for the position that has been taken by the Federal Highway Administration regarding the application of Davis-Bacon provisions to the program. It appears to me that this position strikes a reasonable and logical balance in the new program and that it will add to its overall future effectiveness.

I look forward to hearing from you both this morning, Secretary Lewis and Administrator Barnhart, on these and other issues, and we want to hear from you. I see the chairman of our committee is here, Senator Stafford. Do you have any opening comments, Senator Stafford?

Senator STAFFORD. Yes, I do, thank you, Mr. Chairman.

First of all, I want to join in welcoming Secretary Lewis, Ray Barnhart and I want to add my welcome to Less Lamm, who I have known long and favorably in these hearings.

I also like to note for the record that he got his education in Vermont at Norwich University.

The purpose of this hearing is, of course, to receive information on the President's fiscal year 1983 budget request for the Federal-aid highway program. This will assist the committee in making its recommendations to the Budget Committee by March 8.

The Federal-aid highway program and the highway trust fund must be reauthorized this year. I note that the Department of Transportation is in the process of developing legislation to accomplish this. Any information you can provide us with today, Mr. Secretary, concerning the proposal will be very helpful to this committee.

The committee is also aware that the President intends to submit legislative proposals to implement the New Federalism program. Although I understand there may be some doubt cast on that in the last day or two, if the news stories are reliable.

This proposal would make significant changes in the Federal Government's responsibility for the highway program. We will make every effort to give the President's initiative a thorough and fair hearing when additional details are received by this committee.

The appropriate role of the Federal Government was discussed in hearings held by the Transportation Subcommittee last year. That discussion will continue this year as legislation is again considered. I believe there are areas, including transportation, where States are equipped to do a better, more efficient job in providing services.

However, the Federal Government has played an important role in redistributing resources so that every State, including those with a smaller revenue base, can provide the services and infrastructure necessary for a strong national economy.

The preservation of America's highway system is essential for a strong economy. It enhances productivity, provides for the national defense, creates jobs and assures mobility.

Five years ago, the highway dollar bought 49.9 cents of highway work in 1967 dollars. Today that 1967 highway dollar buys 29.5 cents of work.

At the same time, use of the highway system is increasing, and the rate of deterioration is accelerating. Revenues coming into the highway trust fund are declining.

Two major steps were taken last year which changed the focus of the highway program. First, the reduction of the cost to complete the interstate by redefining what items are eligible for interstate construction funds will bring completion of the Interstate System closer to reality.

Second, the interstate rehabilitation program was expanded, recognizing that the era of major new construction is over and resources must now be directed toward maintaining the existing system.

Along with reviewing the responsibilities of Federal, State and local officials, additional areas which must be reviewed include the financing structure of the highway program, consolidation of categories, increasing the efficiency of the existing system without adversely affecting safety or the environment, and aiding the States in doing long-range planning so necessary for highway construction projects.

Finally, if resources are going to be utilized most effectively, I believe that decisions affecting the highway program should be made in the context of the entire transportation system in this country.

I know that my dear friend, partner on this committee for many years, Senator Randolph, likes to reminisce from time to time. I would say that I know the interstate is beginning to need reconstruction and rehabilitation because it was some 22 years ago that I took part in dedicating the first segment of the interstate to be built in the State of Vermont.

So it is now 2 years past design life as far as the service is concerned and the 4R program is going to be very important.

I look forward to hearing our witnesses.

Thank you, Mr. Chairman.

Senator SYMMS. Thank you very much, Chairman Stafford. I might just say that I don't believe I could have any more experienced Senators with the experience in dealing with the highway program than Senator Stafford and Senator Randolph to help conduct these hearings. I failed to mention that also at the witness table this morning is Donald D. Derman, Assistant Secretary for Budget and Programs. We welcome you also to the committee. We are delighted to have all three of you here.

Now we would like to yield the floor to Senator Randolph.

OPENING STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator RANDOLPH. To the Chairman of the parent committee and the Chairman of the Subcommittee on Transportation I would want to point to a headline in the daily newspaper in the town in which I live.

The date is February 19. We see a heading on this page "$1 billion will be needed to rebuild the roads in West Virginia if repairs don't start soon, survey shows."

I will ask permission to include that article, Mr. Chairman.

Senator SYMMS. Without objection.

[The article referred to follows:]

[From the Elkins, W. Va., Inter-Mountain, Feb. 19, 1982]

$1 BILLION WILL BE NEEDED TO REBUILD ROADS IN WEST VIRGINIA IF REPAIRS DON'T START SOON, SURVEY SHOWS

CHARLESTON, W. VA. (UPI)—West Virginia can expect to shell out as much as $1 billion to build its highways unless it embarks soon on a program to resurface them.

That was the thrust of a report Wednesday by The Road Information Program (TRIP), a Washington research firm which said the state faces a backlog of 3,871 miles of roadway in need of a facelift at a cost of about $193.5 million.

Unless those roads are redone in the next eight years, said TRIP, they will deteriorate to the point that reconstruction will become necessary. And if that happens, the project will cost $967.7 million.

The study was requested by the Contractors Association of West Virginia.

"The West Virginia public and its entire business community have reason to worry about the future of our road system," said Dean Blake, president of the association.

Blake recommended higher gasoline taxes and highway user fees as a means of generating money for the Department of Highways.

When it was pointed out that lawmakers have rejected two such Rockefeller administration proposals this year, he suggested a bill that would permit the state fo finance roads using general revenues.

"Unless we get this funding situation taken care of, the problems cited in this report will become very visible every day. This is a way of deterring more costly repairs," he said

"We've (the association) suggested for the last several years that the state would be in this situation. Now we're there."

Blake expressed hope that the Legislature would increase road improvement funds in budget proposals being considered this week.

"The House budget include $9 million for paving. That's a little over 200 miles of road." Blake said "That's at least 1,000 miles shy of what we should be paving and what we were paving in the 1970s."

TRIP has suggested that the state pave between 1,300 and 1,400 miles per year.

Senator RANDOLPH. It, in essence, indicates that if the work is not done within a reasonable period of time, let's say 1 year or 2, it goes on for a period of years it will cost not perhaps $200 million or thereabouts but will cost $1 billion. The reason I make reference to West Virginia is to say that is an illustration of what is taking place throughout the country due in substantial degree, to the type of winter weather that we have had throughout the country.

I would hope that the Secretary or the Administrator would comment a little later or even now, if they would care to, indicating what you believe is the picture of the road system of the United States of America because of the winter weather which I have mentioned; and also the lack of funds at State, county, and community levels to keep our roads in shape including the District of Columbia.

If you would care to make comment now or later, that is agreeable.

Secretary **Lewis**. Why don't we wait until you complete your statement, Senator, if that is agreeable to you.

Senator **Randolph**. Thank you very much.

This is a third hearing in our review of the fiscal year 1983 Federal budget as we attempt to gain the insight which we must have into the programs that are planned for this fiscal year. The administration proposal anticipates a budget authority of $8.06 billion with the obligation ceiling of $7.7 billion. This is less than a 5-percent reduction from the current fiscal year—that has been said in one way or another—and the impact when viewed in the last two fiscal year is certainly major.

It is surely substantial. The reduction is nearly 15 percent over this 2-year period.

This trend, if it is to continue, would have serious implications with respect to this country of yours and mine of some 235 million men, women, and children and the accompanying economy and all of the facets being prepared to meet the transportation needs of this country in reference to highways. The roads of this country are deteriorating rapidly. I have called attention to that with the newspaper article just a few minutes ago.

The deterioration is both on the Interstate System and the other Federal-aid routes. I may not be a student of the bible, but I certainly read it. I read there what Isaiah says a way shall be there for the redemption of his people. Sometimes it is not wrong to paraphrase. I think a highway must be there for the strength of the American people and the country of which we are a part.

Last year the Congress began to address the problem of Interstate reconstruction by dramatically increasing the authorization level for that reconstruction program to $800 million for fiscal year 1983 and 1984. This, I suggest, is a significant step and one that cannot be taken lightly by legislators and those within the executive branch of Government.

However, this country, and particularly the States which have the primary role in carrying out our Federal-aid highway program, cannot meet all of the pressing needs when approximately $4 billion of the $7.7 billion available for obligation is required for work on the Interstate System.

The Chairman, and all members of our committee, I think, are wondering about this situation, although they will not express it as I do. The proposal to turn back to the States all those Federal-aid categorical programs below the Interstate level is—I have a question mark. I guess I would say it is intriguing. I personally believe that the reduction in redtape could allow the States to carry out a 15 to 20 percent larger program with the same dollars raised at the state level.

I am convinced that sufficient funds will not be going to the States to allow them to continue to meet basic highway or road needs.

The 2 cents from the Federal gasoline tax which flows to the New Federalism Trust Fund will not be sufficient, in my thinking, to meet the needs of the programs in the various highway categories that are going to be returned to the States. This will require additional funding from other elements of this newly established trust fund being made available for highway purposes. It is not clear to me but perhaps to others it is clear. I do not understand where these additional funds would come from to do the job. Much more clarification will be necessary, and I am not in opposition, before I could support this turnback proposal.

The highway program carried forward cooperatively by the States and the Federal Government is an important, necessary element in our overall transportation network. I turn aside to say, Mr. Chairman, that I remember very well, in the House of Representatives in the thirties, the idea of the beginning of an Interstate highway program in this country.

I had introduced a bill at that time and I called it the building of the transcontinental highway system, had graphs and drawings and so forth which we placed on the wall so people might see. Wilbur Cartwright, who was then the Chairman of the Roads Committee which was a full committee of the House, not a subcommittee, and he being from Oklahoma and I valued his work very much. He came to me and he said, "Thomas McDonald—Mr. Lamm, you weren't there then, were you? You have been there so long."

But Thomas McDonald was the Chief of the Bureau of Public Roads. He was adamant against the building of any Interstate System of highways in this country. He was a Scotsman, liked to look after the dollars. But Cartwright said I think we had better hold the hearings. I am busy and so forth. I don't think he wanted to take any abuse and that is never given to anyone from the executive to the legislative.

But I held those hearings, and he came and testified against any Interstate program. It didn't matter that we tried to spell out the fact that we would have a hodgepodge of roads, two lanes, four lanes, six lanes, whatever across this country if we did not begin to understand the mobility of an America that was to be also, Secretary Lewis, on wings as well as on wheels. The mobility of the moving of the products of the farm and the factory and the field and the mine to the consumers and people moving back and forth to jobs and what not, in an America that was to be mobile. It was necessary to have the road system which was initiated in 1956 and has been carried on to the present time.

I have not said anything derogatory of Mr. McDonald because he certainly was a man that contributed much to the orderly thinking of the highway pattern of the day that he served.

But here we had this program that I have indicated. In a sense I think it has been highly successful. It has been of tremendous benefit not to one State, but because that State is rubbing shoulders with other States. We are living just a matter of hours from one part of the country to another.

So I am thinking today of this system. I look forward to the dialog which members are going to have today with Secretary Lewis and his associate, and others from the Highway Administration. We will have information given to us. We must make a decision. It cannot be delayed. The committee will have the recommendations to the Budget Committee on the appropriate program level with this, I call it crucial, critical, vital, whatever you want to call it, with the national activity and our highway programing for fiscal year 1983.

Earlier this morning at a prayer breakfast someone mentioned Abraham Lincoln. I was just thinking of Lincoln when he was besieged with those that wanted to hold public office. They were less at that time.

This man wanted to be appointed a judge to a certain court. By communication he was told that he could not be appointed, there was no vacancy, there was a judge holding that position. But he kept writing and writing and finally on a summer afternoon he went by the staff of the President at the White House and sought him out as he rocked in an easy chair on the south portico of the White House.

He said, in effect, "Mr. Lincoln, there is no reason now why you cannot appoint me to the judgship. There has been a boat accident on the Potomac and the judge has drowned."

Lincoln looked at him and said, "I will still be unable to appoint you." He said, "I don't understand. It only took place an hour-and-a-half ago. What is the reason?"

Lincoln said, "I am unable to appoint you. I have just nominated the man who shoved him in."

So that was action. And I am pleading for some kind of action, not that perhaps.

Thank you, very much.

Senator **Symms**. Thank you very much, Senator Randolph.

Senator **Stafford**. Mr. Chairman, if you will indulge me for 1 minute. I will start with the line or train of thought in which I recall that during the reign of training of Franklin Delano Roosevelt, he received a call at 3 in the morning which caused him to be awake and some fairly prominent politician in Boston was said to have told him, "Mr. President, the customs collector for the Port of Boston died a few hours ago and I would like to take his place."

And the reply of the President was, "If it is all right with the undertaker, it is all right with me."

Senator **Symms**. On that note, Secretary Lewis?

STATEMENTS OF HON. DREW LEWIS, SECRETARY, DEPARTMENT OF TRANSPORTATION; AND HON. RAY A. BARNHART, JR., ADMINISTRATOR, FEDERAL HIGHWAY ADMINISTRATION

Secretary **Lewis**. Thank you, very much for having us here today.

We do have a joint statement from Administrator Barnhart and me and we would like to have it be made a part of the record.

I will spare you from reading it if you would permit us to do that.

Senator SYMMS. I will spare you from reading it if you would permit us to do that.

Without objection, we will have your entire statement printed in the record.

Secretary LEWIS. I would like to make a few introductory remarks and then open up for questions.

First we would like to thank this committee very much for your cooperation and support that you have given the Department of Transportation throughout the past year. One thing that I find in Transportation that is very gratifying, is in all of these problems we have a national concern and a national interest and we approach the problems on a bipartisan basis which obviously makes my and Ray's job much easier.

I think your opening statements, all three of you, pretty much hit the key point, and that is, we do have a deteriorating asset in our highway system.

As I look at the infrastructure in Transportation, across the board, whether it is inland waterways or airways, the areas that concern me most are highways and capital expenditures in mass transit.

I think that point was established in your opening statements and we are certainly not here to refute that.

As we look at the comment made by Senator Randolph, as far as West Virginia is concerned, with a $1 million shortfall, I am sure that is accurate.

One of the problems we have in West Virginia is that they did not pass legislation in 1981 to raise revenues. Therefore, West Virginia doesn't solve some of the problems locally.

In terms of the user fee they won't have enough money to match funds this year to complete the programs which we would like to see funded. So I do think you have a local problem within West Virginia.

Nonetheless, as you look at the total system as, again, Senator Randolph described it, as we look at the $4 billion for interstate which is a very large proportion of our total budget, it does not leave adequate funds to complete all the other programs.

I think it is very clear that as we sort out federalism and we are very strong supporters of federalism in the Department of Transportation, we think our Department will be able to easily make federalism work. Highways is an example. We have had federalism essentially going back to the 1930's. But if it is going to be effective, the funds must go back with the programs. I am sure neither the Congress nor the States are going to approve a program that does not consider funding as part of the final decisionmaking process.

Also, again, addressing the question raised by Senator Randolph, as we look at the federalism program, we really have not made the determination as to where we draw the line—interstates, primaries or at what level the States should assume responsibilities.

The one thing that we do feel strongly about in view of the fact that 65 percent of our national defense moves over the highway systems, is that we have some kind of control or have assurances that we are going to have a sound Interstate and Primary System. Those kinds of things will have to evolve as we work with the Governors, as we work with your committee to determine how best to do it. I'll just cut my comments off at that point, unless Ray wants to say something, and we will open up for questions.

Mr. BARNHART. Senator Randolph, you made an excellent point to the effect that if we do streamline our operation through better control of regulatory procedures we can enable the States to pick up 15 to 20 percent in the productive value of their dollars. We totally support that and think perhaps that the increase in dollar value would be even larger. We have made a strenuous effort to simplify our procedures and eliminate some of the duplicatory processes required in the past.

We are trying again in the spirit of federalism to return the prerogative of management back to the States within the constraints that the Congress will permit.

I think we have gone a long way. However, now we are going to have to get into implementation and approval of regulatory reforms that we have been working so hard at. I think that we will see a great deal of progress in this term of the Congress as we proceed. But the Congress is going to have to help us with legislation in the area of environmental concerns, as we try to pull all environmental regulations into one process. But, I think we can do a great deal, to offset with simplification efforts, the shortfall of funds.

Thank you.

Secretary LEWIS. We are prepared for questions, Mr. Chairman.

Senator SYMMS. You mentioned in your federalism turnback and the highway trust fund, you say you will extend the highway excise tax for 4 years through 1988 and the trust fund itself through 1989. I don't want to ask you I suppose, if you are not in the position, or you don't want to disclose it to us. I think we are all very interested in what your proposal will be. I think Senator Randolph touched on a very important point, and I think I made the point in my opening statement with the $38 billion for the Interstate and another $40 billion for bridges and another few more billion for rehabilitation and reconstruction to the 4-R program that we don't have quite enough money.

When do you expect to come up with the recommendation to us on an increased fee and if so, do you want to give us any indication of what you are thinking?

Secretary LEWIS. I think what we have to do first is to sort out this federalism program, what is going to be the Federal responsibility, the responsibility that rests here in Washington, and what will be the responsibility of the States. As we do that, then we will have to look at the funding sources available and determine best where they could be levied to fill the shortfall.

As an example, we can complete Interstate construction, by the year 1992, under the revised program of last year with the funds that are available. However, we would like to have more money in the 4-R than we have in present funding and if we give the 2 cents back to the States, it is clear that they will have a significant shortfall.

So what it amounts to is again we have to sort the programs out. Let's just say that if federalism started in fiscal year 1984, through 1984, 1985, and 1986 alone, there would be a shortfall of about $16 to $17 billion in terms of our needs. There has to be either a way to repress that shortfall, or we must reach an understanding that we are going to permit the deterioration of either rural or urban roads, or not keep up with our bridge repair, or not properly maintain the Interstate System.

We are not prepared to give you a specific answer on that today. We do know what we see today, what the shortfall is. It is a question, for example, if the States take the urban and rural roads at the same time, will they impose a user fee at the State level, to take care of those, or are they going to look to the Federal Government to impose that fee and return the money to them to carry these burdens?

These are the kinds of things that are not worked out. At this point federalism is a concept. It is not flushed out in detail. Until that is done, I can't give you a specific answer.

Senator SYMMS. On the highway cost allocation, highway user charges, you say in your statement that you will be submitting to Congress soon. When do you anticipate sending that cost allocation study over?

Secretary LEWIS. I believe it is about 3 weeks. The cost allocation study in essence is going to indicate the need for higher fees for heavy trucks, or smaller fees for lighter pickup-type trucks. These will be the kinds of conclusions, but we will give you the specific report and the detailed backup on that hopefully within 3 weeks.

Senator SYMMS. Thank you very much.

Is the Department planning to recommend any kind of budgetary controls on obligations such as quarterly controls this fiscal year?

Secretary LEWIS. Only during the first quarter. That is 25 percent.

Senator SYMMS. What was the basic principle that guided the decision for the fiscal year 1983 budget levels?

Secretary LEWIS. Basically what we are faced with, we have a 4-cent user fee plus our modest excise fees that we pick up in terms of truck charges and so forth. That 4 cents became effective in 1959. It is now worth about eight-tenths of a cent and the cost of construction during that time period has gone up 300 percent.

Very frankly, we cut the sails to fit the ship. That is what you have to do under these circumstances. We do feel, however, that in terms of that deterioration that we are comfortable with the budget we submitted. Long term, I would not be comfortable with it. But in view of our short-term needs of keeping deficits down and restraining Federal spending, we feel that we are not sitting by and just idly watching the system fall apart. In other words, the budgetary constraints determine the program.

Senator SYMMS. How about the urban and secondary programs after 1983? Is the administration's position still to end funding for those?

Secretary LEWIS. The problem we have, Mr. Chairman, if I have got the figures here, if we continue with our desires to complete the interstate and have what would really be an adequate program for interstate repair, there simply will be no Federal funds available to support those programs.

Our desire is that those programs should go back to the States. It is clear that we have to maintain the roads. It is a question of who assumes responsibility and where the user fees are levied to service them.

Senator SYMMS. Thank you very much, Mr. Secretary.

I notice that Senator Bentsen has just entered the room.

Senator, do you have a statement that you wished to make now?

Senator BENTSEN. Mr. Chairman, I have been in the Finance Committee and I apologize, Mr. Secretary. I have a very eloquent statement, but I think I will put it in the record.

Senator SYMMS. Without objection.

Senator SYMMS. If you would like to make a comment, we would welcome it.

Senator BENTSEN. Thank you very much.

[Senator Bentsen's statement follows:]

OPENING STATEMENT OF HON. LLOYD BENTSEN, U.S. SENATOR FROM THE STATE OF TEXAS

Senator BENTSEN. Mr. Chairman, the Federal highway program is one that I have been ardently interested in and enthusiastically supported since coming to the Senate. It is, therefore, with disappointment, although not surprise, that I observe the administration's request for a reduced level of funding for the fiscal year 1983 Federal-aid highway program. Nearly 5 percent—$400 million—is proposed to be cut from the estimated $8.2 billion fiscal year 1982 obligation ceiling for the Federal-aid system programs. I am most sensitive to the need to preserve the public investment in the highway system and the attendant need for fiscal restraint. However, at a time when conditions on our Nation's highways are rapidly deteriorating and costs to construct and maintain are escalating, can we afford to be disinvesting in our highways and bridges? How can we balance current revenues against the expenditures necessary to achieve higher quality in the highway system? In this regard, I am interested in learning more about the administration's position with respect to highway revenues. Prior to the submission of the 1983 budget, we had heard of a possible request for an increase in revenues. The budget we have before us does not reflect such an increase.

I was pleased to read in the Budget Overview that the administration will emphasize the Interstate System needs, particularly through 4R program funding. The channeling of a significant funds to the preservation of existing interstate highways was an important provision of the 1981 Federal-Aid Highway Act, and one I strongly supported. However, the budget figures are not clear as to the magnitude of this emphasis. Also, it is reported, although not supported by the 1983 budget request, that the highway program is one that the Administration has earmarked for "New Federalism." The responsibility for those noninterstate programs without broad national interest will be reassigned to the States. This is an area of deep concern for me. I want to be certain that the returned programs will be accompanied on their way home by commensurate revenues. My State, Texas, is a perennial donor to the Highway Trust Fund. I will, therefore, be most anxious to insure that any additional responsibilities returned to Texas will have a fair share of revenues to support them.

Our highway system provides the framework for the Nation's economic strength. We have a serious and urgent problem which we must solve with scarce dollars. We will, once again, have to make some difficult decisions about the future of the program. I look forward with great interest to the comments of our distinguished guests as they review their 1983 budget request.

Senator RANDOLPH. Mr. Chairman, there is a vote on but I don't believe we should stop the hearing. I would like to have us keeping going and, perhaps, arrange it so that someone will be here to continue.

Senator SYMMS. It is my intention to stay here until Senator Stafford returns and he can continue his questions and I will go vote. He has left to go vote now. If you want to start your questions, go ahead, sir.

Senator RANDOLPH. Senator Murkowski?

Senator MURKOWSKI. Go ahead. I will go vote and come back.

Senator RANDOLPH. Secretary Lewis, the budget estimates the trust fund balance of $7.7 billion at the end of fiscal year 1983. This reflects a slight increase over the estimate of $7.7 billion for fiscal 1982. How can the continuation of this policy be justified when recent estimates indicate the needs of the States for fiscal 1983 approach $13 million?

I couple it by saying would not our highway transportation system be improved if user taxes were used to meet these needs? The estimate of obligation in the budget documents—that is $8.5 billion. If this is translated into budget authority, the authorized program level would be reduced from a recent program level of over $9 billion.

Can we assume this reduction will be carried over to the extension bill, which I think you plan on transmitting a little later? I do applaud your emphasis here today on the interstate construction and the work that must be done and hopefully soon. How will the other priority programs, particularly bridges be affected by this policy?

Secretary LEWIS. First of all, if we assume that it is our primary responsibility to see that we have an adequate intercontinental, interstate system, then we do have to complete the interstate and see that it is properly maintained. To do that with the present available funds means that other programs would not get as much as we would like. As an example, we are talking about $800 million for a bridge program with a need out there of somewhere between $40 and $50 billion. We should be looking at a bridge rehabilitation program of close to $1½ billion rather than $800 million.

Again, within the confines of the funds available, we think we have an adequate budget; adequate program. The problem we also have, when you talk about the balance in the trust fund, even though at the end of 1983 that will go down from $9.3 billion in 1981 to $8.2 in 1983, those funds, as you know, are really all committed. It is just a matter of environmental impact statements being completed, States coming up with matching funds, the outlays being made on projects already underway. So I know you know this, but for the record, for other people that may read our record, I want to make it clear there is not money sitting there that is not earmarked.

Senator RANDOLPH. Thank you very much.

This is final, and naturally, it affects the 13 States in the Appalachian Region. The budget request from the highway trust fund for the Appalachian corridor highway construction of $80 million, this funding level would allow repayment, I say only allow repayment of prefinanced segments and a small amount of new construction effort. I think that you might give those to what I am now saying because it appears to me to be the policy that is violated of what I call the orderly completion of priority routes. I think this is an abrupt approach, the halting of valuable program and could you respond to our concern?

Secretary LEWIS. As you know, it would take, I guess, about $8.5 billion to complete the system itself; and the $80 million, as you indicated, is merely there to pay for prefinanced projects and complete the projects that are already in construction stage.

Again, to complete these programs, we are going to need additional revenues. There is no way that we can possibly do it under the present available resources. Do you want to add anything to that, Ray?

Mr. BARNHART. No. It is succinctly stated.

Senator RANDOLPH. Where does the money come from?

Secretary LEWIS. I said the problem we have is that we do not have the resources to adequately fund this program if we are going to put our primary emphasis on maintenance and completion of the Interstate.

Senator RANDOLPH. Can we continue to fund out of the general fund?

Secretary LEWIS. It is coming out of the general fund. We are proposing that it comes out of the trust fund.

Senator RANDOLPH. That lessens the abrupt ending I am talking about. Is that correct?

Secretary LEWIS. That is correct.

Senator RANDOLPH. I will not ask further questions at the moment.

Thank you.

Senator SYMMS. Senator Bentsen?

Senator BENTSEN. I don't see that the New Federalism is reflected in this budget. Is there any anticipation of that or are you excluding the highway programs from that?

Secretary LEWIS. Not for 1983. New Federalism, Senator, assuming we work out all the details, will start in fiscal year 1984. It is not part of the 1983 budget. If you look at the 4-year legislation which we are going to propose, depending on where we stand on the Federalism, it will likely not be part of it. I don't think it is going to be completed in time and we are going to come back and probably have to make some adjustments, probably after even funding sources and programs themselves. So to a certain degree we are a little premature on this hearing except for the 1983 budget, because we have been talking outyears. We don't really know where we are going until we know who is going to do what to whom.

Senator Bentsen. That may be a proper phrase, all right, "Who is going to do what to whom?" How do you propose the States take a greater role in all of that other than the interstate system? How do they do that? How do you anticipate their raising the money?

Secretary Lewis. I have been meeting with Governor's associations, county associations, obviously met with the Governors, I guess it was yesterday or the day before. We are forming a task force for interaction between ourselves and these groups.

There is great reception, I think, among all of these groups to have the responsibility, but they do not want the responsibility if they don't get the funding to go with it. It was clear in the President's statement that if we are going to turn the programs back to the States there are not going to be winners or losers and we are going to turn back adequate funding. So we will have a look at the programs to determine the shortfalls on funding and then decide to either impose a user fee to carry those costs at the Federal level or we may be in the position where the States say, "Fine; we will pick up through local gasoline-user fees or wherever it may be, the urban and rural system." But I am not trying to duck your question. I do not have the answer.

Senator Bentsen. I understand. If you would excuse me, Mr. Chairman, I think that time has been running out.

Senator Symms. I had a question I would like to ask you. A Federal district court judge in New York City issued an opinion last Friday that determined that the Department of Transportation's HM-164 highway routing for radioactive materials should be enjoined to the extent it overrides Federal bans on truck transportation of spent and other large quality shipments of radioactive materials through densely populated areas such as New York City.

Have you had the opportunity to evaluate the impact of this opinion and the continued validity of the DOT's HM-164 rule both for other than large quality shipments and for the large quality shipments in areas other than New York City?

Secretary Lewis. We have not. We have a very preliminary statement on the judge's decision. It is a very complicated ruling. In our legal department now we are trying to make a determination as to whether or not to appeal the decision.

Obviously we will abide by whatever the court tells us to do. We are in the process of reviewing that.

Senator Symms. I will submit these other questions for the record, Mr. Secretary, on that subject.

I may have a couple of other questions that I will submit for the record.

Secretary Lewis. We would like to have more detail.

Senator Symms. Obviously I think that this is one of the reasons why we do need to maintain a Federal role very strongly always in the Federal Interstate System so that we can transport sensitive materials such as that without coming in conflict with certain State laws. But I appreciate, in case I don't get back for some reason, if there is another vote, I appreciate very much your appearance here.

Mr. Barnhart, thank you, sir.

Secretary **Lewis**. We concur with your position on hazardous materials and we will follow through on that later.

Senator **Stafford**. Mr. Secretary, I noticed first of all, although obligational limit for 1983, it is down to 7.7 in the administration proposal. Outlays actually go up in 1983 over 1982 by $100 million from 8.3 to 8.4. Is that your understanding?

Secretary **Lewis**. That is correct.

Senator **Stafford**. It sort of emphasizes that obligational limits have their impact a year or two ahead or after the time they are obligated.

Secretary **Lewis**. That is correct.

Senator **Stafford**. I noted in the news stories emanating from the Governor's conference, Governors meeting with the President yesterday and Monday that there seems to be a considerable reluctance on the part of the Governors to take over the highways under the New Federalism that holds forth the return to the States. I realize that is something that has to be thrashed out between the Governors and the Congress and the administration. But I did note, I hope no one else covered this, if they have, I will drop it, that returning the highways proposed to be returned to States under the New Federalism would be financed as far as the Federal Government is concerned by 2 cents of the Federal gas tax as I recall it, which in my mathematics would enable States to recoup about $2.2 billion.

The cost of the programs that they are receiving in 1982 would be about $4 billion or there would be a considerable shortfall between the resources available to them and the cost of the program, would there not?

Secretary **Lewis**. There is no question about it. There is a shortfall. If federalism were to take place, as presently planned, in 1984 on out, we are not really concerned about 1983, the shortfall to the States would be about $4.8 billion in 1984, $4.6 in 1985, and $5.2 in 1986.

This is assuming a very adequate, a strong bridge rehabilitiation program, obviously we may not need programs that are that well-funded, but nonetheless under ideal terms that would be the shortfall.

For that reason, until we resolve these problems, this program of federalism will not take place. I don't think there is opposition, Senator, from the Governors. I met with a number of them. The opposition is not to taking the program back. I think they would like to take them back. I think they can do better. In many cases they can, but they do not want to take them back unless they see where the resources are coming from to take care of these needs.

Senator **Stafford**. I would agree with that. I think that simply illustrates the complexity of making the New Federalism concept, which is attractive philosophically to work. The States will have to have the finances to handle highways which may come back to them and every other program that may come back to them.

Secretary **Lewis**. Philosophically it does make a great deal of sense particularly, we feel, in the area of transportation. We are enthusiastic about the concept. We want to make sure we have the funding to make it happen.

Senator **Stafford**. To get to some aspects of the program in 1983, which we do have to live through before we get to 1984, to the federalism. I note that no appropriation of funds was requested for the highway beautification program in fiscal year 1983. Might I ask, will the administration's legislation reauthorize or will it repeal this prohibition? If the program is not reauthorized or repealed, how does the fund intend to regulate billboards and what effect does this have on the States to control?

Secretary **Lewis**. There are two proposals, one which is essentially yours, and the other in the House on this whole concept. In very basic terms, we agree with your position; that is, it should be a state responsibility. This is one that I don't think involves federalism. It just makes sense that they should make their determination on that, and not have us come down here in Washington telling them what to do in terms of billboards.

Our position will be to support the principles of what you want done.

Senator **Stafford**. Thank you, Mr. Secretary.

No funding is requested in fiscal year 1983 for the section 18 program. Part of your funds, $43 million, will be available to the States. Will any of this money be redistributed and if not, what happens to those States that have already used their entire allocation?

Secretary **Lewis**. Can you answer that question specifically?

Mr. **Barnhart**. It is a UMTA-funded program, which we administer, and we are working with UMTA very closely because we believe very strongly in it.

So we have not come back with additional requests for funding in that area. It is a UMTA problem directly.

Senator **Stafford**. Thank you. Under a final rule issued for the shipment of radioactive materials, DOT is given certain responsibilities. Could you describe DOT's responsibilities under these regulations and would budget and personnel reductions to the Department affect your ability to carry out these reponsibilities? I might say, Mr. Secretary, if I ask a question that is already answered, I apologize.

Secretary **Lewis**. The detail we will submit for the record. In just a very few words we do feel there should be a strong Federal role in the responsibility in the movement of hazardous materials. We believe that it has to be a national policy and we cannot have a hodgpodge of rules and regulations all over the country. We do not feel and we looked at this when we made our manpower reductions that the manpower reductions will have any significant impact on our ability to implement this program. But we will give you a more detailed answer in writing.

[The information referred to follows:]

ANSWER

(a) DOT's responsibilities under the regulation dealing with highway routing of radioactive materials is described in the attached Fact Sheet which accompanied the issuance of the final rule on January 16, 1981.

(b) When the RSPA budget for FY 83 was developed, we were aware of the continuing responsibilities which would be associated with the administration of this regulation; the portions of the budget for the MTB and related RSPA activities are, in our judgment, adequate to permit us to discharge our responsibilities in this area.

Attachment

fact sheet

United States
Department of Transportation

Office of Public Affairs

Washington, D.C. 20590

The information contained in this fact sheet has been checked for accuracy and corrected as of the date shown below. The Office of Public Affairs should be contacted if further information is required.

Subject: REGULATIONS CONCERNING HIGHWAY ROUTING OF RADIOACTIVE SHIPMENTS

Date: January 16, 1981

Phone:

BACKGROUND

Under the Hazardous Materials Transportation Act (HMTA) DOT has the authority to regulate the transportation of hazardous materials in commerce. Among other things, HMTA specifically identifies routing as one form of regulation DOT may deem necessary and appropriate for the safe transportation of hazardous materials.

The volume of radioactive shipments is growing each year. As estimated two million packages of radioactive materials were shipped by all modes of transportation last year. That figure is expected to increased to 3.5 million packages by 1985. As a part of its ongoing effort to ensure the safe transportation of hazardous materials, DOT has adopted specific rules which address problem areas identified with the current movement of radioactive materials. These rules do not permit the shipment of previously restricted materials, but rather specify the manner of route selection when carriage occurs by public highway. The regulations require that motor vehicles carrying certain types of radioactive materials, use routes that present risks to the fewest possible persons yet minimize transit time.

TYPES OF RADIOACTIVE MATERIALS

The rules cover two types of materials that require carriers to display radioactive placards.

(1) Type A quantities, or lower-level radioactive materials, such as medical, research and industrial-use isotopes, represent about 56% of all radioactive materials shipped.

(2) Type B packages, high-level or large quantity shipments such as spent reactor fuel, represent less than 0.1% of all radioactive materials shipped.

The remaining packages of radioactive materials shipped are low-level or "limited quantity" packages whose aggregate radioactivity or concentration levels are such that they represent a minimal risk during shipment. These are items such as smoke detectors and hospital pharmaceuticals and are excluded under the rules.

HIGH LEVEL SHIPMENTS

The rule would require motor vehicles carrying high level or large quantity shipments of radioactive materials to follow "preferred" highway routes or routes designated by a state in consultation with local officials. In the absence of state action, carriers are required to use Interstate System highways. When approaching urban areas, trucks would be required to use an Interstate beltway or bypass route to avoid center city neighborhoods.

Shipments of irradiated nuclear plant fuel, which are included in the class of large quantity packages also have to meet the requirements for physical security currently imposed by the Nuclear Regulatory Commission.

LOWER LEVEL RADIOACTIVE SHIPMENTS

Lower-level shipments are covered by the general rule to use routes that limit risks to populated areas and encourage the use of Interstate or State-designated preferred routes. Carriers are responsible for notifying drivers of the presence of radioactive materials in their shipments and indicating routes to be followed using the following criteria:

(1) time of day and day of week the highway would be used,
(2) population densities and activities along the route and
(3) accident rates.

ROLE OF STATE AND LOCAL GOVERNMENTS

Under the rule the Interstate highway system would be the basic Federal framework for providing safe and efficient routes for large quantity shipments. However, the Department recognizes the limitations of relying solely on the Interstate System and has given route designation authority to the states. State designated routes or preferred routes will complete the link between the Interstate System and facilities handling large quantity packages, and where use of the Interstate System would involve unreasonable distances which may negate the safety benefits.

Local governments need to participate in the selection of preferred routes and the rule contains two requirements to involve local governments.

(1) States will consult with affected local jurisdictions before establishing a preferred route. The basic format of such an informal process is envisioned by DOT as being similar to Administrative Procedure Act requirements. This involves public notice of the intended action, a solicitation of comments, public hearings if possible, and full consideration of important issues raised in the proceedings.

(2) A recommendation that each State establish an advisory group composed of city and county officials. The purpose of the group would be to meet periodically, recommend to the State appropriate methods for consulting with local jurisdictions, and review the effectiveness of those methods in actual practice.

DOT GUIDELINES

To assist States in their designation of preferred routes the Department of Transportation has developed "Guidelines for Selecting Preferred Highway Routes for Large Quantity Shipments of Radioactive Materials." The guidelines provide a clear, step-by-step procedure for performing routing analyses which should result in uniform and consistent decisions. Some of the criteria evaluated included: accident rates, population statistics, conditions of roadways, emergency response capabilities, property values, evacuation capabilities, and location of facilities such as schools and hospitals which require special consideration. In order to give States and localities adequate lead time to comply with the rule the effective date will be February 1, 1982.

PRENOTIFICATION

An issue raised in the public comment to this Docket but not adopted in the final rule involves prenotification of radioactive materials shipments to State and local jurisdictions through which the shipments may pass. DOT will rely on rules which are currently being considered by the Nuclear Regulatory Commission (NRC). Congress enacted legislation (P.L. 96-245) directing the NRC to develop regulations which will provide State governments with advance notification for shipments of high-level nuclear waste. Although some information would carry an interim Classification as "confidential" it could be passed-on to local officials within the State.

ROUTE PLANS

A shipper of large quantity shipments must provide a copy of the route plan to the Department of Transportation within 90 days of the shipment in order to develop information on long term route patterns. This information will be made available to State and local governments for use in updating emergency response plans. The plan will include

(1) origination and destination points,
(2) a specific route which uses preferred highways, wherever possible,
(3) identification of all planned stops,
(4) estimated departure and arrival times, and
(5) telephone numbers for emergency assistance in each state to be entered.

DRIVER TRAINING REQUIREMENTS

Driver training requirements currently exist for operators of motor vehicles carrying hazardous materials. The new rule requires additional instruction every 2 years for drivers of vehicles transporting a large quantity of radioactive materials. Training includes:

(1) familiarization with radioactive materials,
(2) instruction on the hazards and characteristics of large quantity radioactive materials, and
(3) knowledge of emergency procedures in the event of an accident.

REGULATORY REVIEW

DOT intends to conduct an evaluation of this rule, a year following its effective date. This evaluation will consider the rule's impact on public health and safety, and its effect on carriers, and State and local jurisdictions, with particular attention to any difficulties that have appeared during the rule's implementation. As part of that evaluation, notice will be published to solicit public comments, and a direct solicitation of comments will be made to States and local governments.

Senator STAFFORD. In a recent letter to me you requested that annual report originally required by the committee entitled "Equal Employment Opportunity with Regard to Federal Highway Projects" be eliminated. Might I ask what is the basis for this request and will you continue to collect information from the State DOTs and the U.S. Department of Labor which will enable you to assure compliance with EEO requirements?

Mr. BARNHART. Senator, it is an operating program, it is beyond the birth stage and we functioned well with it. We simply wanted to cut out some additional reports that we feel serve no useful purpose since we are carrying the program on.

Secretary LEWIS. We are complying with the requirements, with something like that if you would prefer we submit a report, we obviously will. One thing that I notice, mostly in reports that go out under my signature, for all of the Departments, I would say on an average day I sign about four reports, that come here or go to the House or go to the White House.

I sometimes wonder whether anybody reads them.

Senator STAFFORD. With the indulgence of my colleagues, Senator Randolph, I know Senator Murkowski wants to ask one question and he has another committee.

Senator RANDOLPH. I would like that to be done.

Senator MURKOWSKI. Thank you very much. I appreciate your accommodation.

Secretary Lewis, I would like to advise you that after 23 years in the legislature, Alaska has finally been treated as the other States have by being designated as part of the Federal Interstate Highway System. It took 23 years to accomplish that. I think it is notable that it is accomplished under your direction and we are very appreciative.

I have one question, however, regarding the project that was agreed upon some time ago whereby the Canadian, Yukon and U.S. Governments authorized the project known as the Shakwak project. It was an arrangement that would allow for paving of a portion of the highway through Canada connecting two parts of Alaska between Haines and Haines Junction and ultimately the maintenance on that highway was to be done by the Canadians.

The arrangement was advocated in the last year's highway legislation. It was dropped during conference. Our proposal would allow the State of Alaska to use their above obligation ceiling allocations to finance the paving of the Shakwak project. The authority for the project has not expired and no funds have been requested. I recognize this is a very low priority project. But I am wondering in your opinion what the likelihood would be of a State to utilize its above obligation fund for fulfillment of this international agreement which was made with Canada in about 1973. Do you have any intention of fulfilling the agreement and would this be an alternate way for the State to use it?

Secretary LEWIS. The lack of request for moneys this year is not an indication of lack of support of the project. We do support the project. The reason it was not funded by our request is really the budget restraints themselves. As you know, you are pursuing Alaska legislation that would permit you to use your regular apportionment of funds to complete this project. We will support you in that matter, and have agreed that we think that is a reasonable solution to this problem.

Senator **Murkowski**. So what you are telling me is you would support the use of above obligation funds for this project by the State?

Secretary **Lewis**. Yes, sir.

Senator **Murkowski**. I very much appreciate that and I certainly look forward to working with your people in that regard. Thank you, Mr. Chairman.

Senator **Stafford**. Thank you, Senator Murkowski.

Senator Randolph?

Senator **Murkowski**. I appreciate your accommodation, Senator Randolph.

Senator **Randolph**. Mr. Secretary, I mentioned earlier in the hearing the problem of the continuance of the Appalachian corridor system, the system consisting of two types of roads, roads that are approximately the Interstate, with construction on them but not exactly of that kind, and also a second category which is the access roads which go onto the mountainous areas and give us an opportunity to bring out those products, notably coal, timber and limestone into our road system as it moves into metropolitan areas and loading sites.

The corridor that passes through my hometown of Elkins, a road from Buchanan, the county seat, to the west near Randolph County, to an area to the east and then beyond where we have several miles of that Appalachian corridor. That corridor would have moved us through the mountainous area directly into the Eastern part of the United States.

We do not have the funding within West Virginia to complete it. It cannot become a part of our Interstate System. It is part of the Appalachian system. I hope that I am not pressing the point when I say is there any miracle by which funding for the completion of that corridor eastward to the Nation's Capital can be expected by any type of financing, whatever the methodology may be?

Secretary **Lewis**. I am going to let Ray answer the specifics but again the decisions we made were as we just talked about the Shakwak project in Alaska are made on the basis of the funds available. These are some of the constraints we have when we have a deterioration of funds through inflation and the escalation in cost of construction. He can answer the specifics.

Mr. **Barnhart**. You referred to the corridor of the Appalachian system and quite frankly we are just having to cut down the amount of money set aside for that Appalachian system. We have some commitments to fund it up to a certain point and these are inadequate, quite frankly because we can't reach that $8½ billion in total cost. We probably should fold it into the broader systems. But here again we are getting into the semantics of definition of where is the Federal responsibility and at what level of roadway. No one denies, especially at DOT, how essential highways and roads are to the whole economy of this country. It is a question of the availability of the resources and the prioritizing. So we have had to put those on the back burner.

Senator **Randolph**. You are saying, in essence then, that there is nothing in the immediate future, I mean apparently within the next 5 years, just to put a cap on it, that such a road could move eastward?

Secretary LEWIS. I would like to answer. We are really here talking about the 1983 budget. Again I think we have to sort out federalism, make a clear understanding between all of the interested parties, the States, the Federal Government, the administration, the Congress in determining what we are going to do about these things. At that point your problem will have to be addressed. I will not be here in 5 years, I can assure you of that, but I would hope that these programs are not delayed 5 years because I just don't feel we can sit by and see the continual deterioration and lack of highway construction. So I would not like to be that pessimistic.

Mr. BARNHART. Senator, that road of yours, would probably be eligible as a primary road and entitled to a portion of those primary funds that are given to the States. But again, it has to assume the position of priorities as it relates to other roads. But it should be a State decision.

Senator RANDOLPH. The primary fund designation in West Virginia has always been short money, as you can understand. It doesn't hold any hope for us. I am not critical of you gentlemen. You have come to counsel with us. I am only asking these questions because I know the very acute need that we have in West Virginia for outlays. I go back to the environmental question which was raised which slowed the construction and should have never been raised but it was.

Therefore we lost 2 years at least. Mr. Lamm I assure you would know that situation took place. Yet here on Capitol Hill we appropriate money which we send overseas and that money doesn't have to run the gauntlet of environmental protection that all of the other programs.

The money goes over there. I doubt if we always know to whom it goes or for what purpose it is used. I turn aside now to tell you I got the first money for the Pan American Highway between Panama and Mexico. That was when it was studied at the very beginning back in the early 1940's. What is the condition of that road?

Mr. BARNHART. We are at a standstill at this point and not proceeding any further. We still have the problem down there. So that particular office will be shut down, although work will be carried on, that is whatever bookwork there is to wrap that program up.

Secretary LEWIS. Essentially what we are trying to do again, Senator, we would like to see this money used for domestic highways, not for highways outside the country under the current conditions. I would like to make one further comment on your previous statement. I think we have greatly simplified the environmental impact statements in the Department of Transportation, really through Ray's and Les's support and direction.

When we first came into this role about a year ago, we would do an environmental statement in highways, and we would do one in policy. We might bring someone in from the outside to be a consultant to determine which one is right. We are now eliminating in all cases the third study and in all cases the second study. We think we have adequate people with environmental concerns within highways and they are going to do the studies. I think this will greatly expedite the program and will not have an adverse effect on the environment.

Senator **Randolph**. Mr. Secretary, I appreciate that information. I really have never had it spelled out before in that way. I commend you and I am going to do it publicly, not just in this hearing, but I am going to look into it further at least in West Virginia, let it be known.

Mr. **Barnhart**. Senator, regarding your prior question about the status of the Pan American Highway, Colombia does have one contract in process out of their own money. That is the last current contract.

Senator **Randolph**. That is a difficult area. We know the density of the jungle. I hope the road has served a good purpose as it has been developed through those countries.

Mr. **Barnhart**. There were deliberations in the last meetings that were held there, just a month ago, and they much appreciate this country's work.

Senator **Randolph**. This final question, Mr. Chairman, because once again we have that call to the Senate.

As a point of repetition, I think it is absolutely absurd that the Senate in its committee structure is unable to operate. We are going to the floor now. We are not going to vote "yes" or "no" on anything. We are absolutely not. That is the second time it has occurred here within a period of 30 minutes.

Senator **Stafford**. It is by no means the last.

Senator **Randolph**. I am sure of that. It only causes me to say that it is a little difficult for me to criticize anyone from the executive branch when I know the shortcomings on Capitol Hill.

It is a little difficult to do it.

This final question: Secretary Lewis, if you would tell me what the outlook is, as you see it, for the future of our bridge discretionary program it would be helpful because we in this level of current funding are wondering about the adequacy. It has been mentioned before to cover the existing eligible bridges. I speak of the Ohio River, for example.

Secretary **Lewis**. Essentially we are asking for $200 million in that program. We could use $300 million. We are going to submit for the record our priorities and we will see that that reaches everyone on the committee. We have it here. It is rather complicated.

[The information referred to follows:]

Discretionary Bridge Funding
Priorities for Fiscal Year 1983

Our first funding priority for fiscal year (FY) 1983 discretionary bridge fund allocations will be to continue those projects already begun. It should be noted that the Federal Highway Administration is in the process of requesting updated project planning lists for these and new candidate bridges. When the new data is available, beginning about July 1982, more precise funding amounts and project schedules will be used to evaluate and finalize FY 1983 allocation decisions.

The current funding schedule for all previously begun discretionary bridges is as follows:

State	Bridge	Amount Requested in FY 1983 (Millions of Dollars)
Maine	Million Dollar Bridge	3.6
New York	Queensboro	21.6
Rhode Island	Jamestown	56.3
Pennsylvania	Bloomfield	7.8
Pennsylvania	Beaver Falls/Rt 18	1.9
Alabama	Cochrane	55.4
Mississippi	Natchez-Vidalia	3.2
South Carolina	James Island	18.6
Illinois	Mississippi R. at Quincy	10.2
Minnesota	Bloomington Ferry	0.8
Wisconsin and Minnesota	Arrowhead	5.6
Iowa	Keokuk	18.8
Missouri	ASB	13.5
West Virginia and Ohio	Weirton-Steubenville	43.4
Alabama	Claiborne-Murphy	14.2
Nebraska and Missouri	Nebraska City	13.7
Missouri	U.S. 54/Grand Glaize	5.6
Colorado	Colfax-Larimer Viaduct	16.0
Total		$ 310.2 million

Assuming that $200 million will be available, not all of the above projects could be funded. However, based on past history, a number of projects now tentatively scheduled for FY 1983 will not be ready for construction until at least FY 1984. This "slippage" will probably be sufficient to allow us to meet all requests to continue previously started bridges. If the requests are larger than the amount available, then one or more of the projects will not be funded, probably one for which only the plans have been prepared and no construction has yet started. Any such project would receive priority consideration for FY 1984 funding.

Senator **Randolph**. Yes. Would it be not inappropriate to ask you, the bridge between Weirton, W. Va., where the large steel mill exists and Steubenville where there is a large steel operation on the Ohio side? Could you bring us up to date as to exactly where we are in construction of that interstate bridge across the Ohio?

Mr. **Barnhart**. I will check it and see what we have scheduled.

Senator **Randolph**. Is that the $8 million?

Mr. **Barnhart**. The $8 million that we had put out last year, you need $43.4 million to complete it. What do you think we will have on that next year?

Secretary **Lewis**. There is no obligation.

Mr. **Barnhart**. We have a total of $300 million next year and we do not have anywhere near that amount, but we will have some funds. I can give you a report on that, Senator.

Senator **Randolph**. I thank you very much.

[The information requested follows:]

WEIRTON-STEUBENVILLE BRIDGE
BETWEEN OHIO AND WEST VIRGINIA

Project Status

Senator Jennings Randolph

The Weirton-Steubenville Bridge over the Ohio River was submitted for FY 1982 discretionary bridge funds and the State of West Virginia was allocated $8,000,000 for approach construction.

The current schedule is to open bids for the first construction contract in late May 1982.

The State has submitted plans for a concrete alternate to FHWA for approval. A meeting will be held soon to discuss the State proceeding with another steel alternate for the bridge. The previous steel alternate was designed with an orthotropic deck. The new steel alternate will be designed with a composite concrete deck.

The total project cost is estimated to be $64.2 million. The Federal share (80%) is esimated to be $51.4 million.

Secretary **Lewis**. There is $8 million in 1982 and there is no determination in 1983.

Mr. **Barnhart**. We will have to divy that up.

Secretary **Lewis**. I assure you I can understand the importance of that bridge. That bridge you mentioned to me the first day when I was being considered for confirmation. So I will never forget the bridge.

Mr. **Barnhart**. And every time subsequent to that. But some of these, Senator, as you know are sequenced in such a way that you can't break them down into smaller units. So we have to plug in that year something that is feasible. It is very difficult to juggle these figures around to get user dollars.

Senator **Randolph**. I understand that. We have the approach problem with the bridge itself. We are appreciative today. We are grateful for those within the Department of Transportation and the highway part of that Department for their continuing realistic, and, I think, support.

Senator SYMMS. Senator Stafford?

Senator STAFFORD. Mr. Chairman, in view of the fact that we are well into the rollcall vote and facing a number of others, probably procedural, I will put my additional questions to the Secretary in writing for response.

Secretary LEWIS. We will be pleased to respond.

Senator SYMMS. I will do likewise.

Unless Senator Randolph has further questions, we have some questions for the record from Senator Baucus but we will keep it open for all Senators who have some. We will send them down to you.

Thank you all very much. We join with Senator Randolph and Senator Stafford. We want to work very closely with the Department of Transportation and look forward to a good year. Thank you.

[Whereupon, at 11:25 a.m. the hearing adjourned, subject to the call of the Chair.]

[Secretary Lewis' prepared statement and responses to written questions follow:]

JOINT STATEMENT OF
SECRETARY OF TRANSPORTATION DREW LEWIS AND
RAY A. BARNHART, ADMINISTRATOR,
FEDERAL HIGHWAY ADMINISTRATION,
BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

HEARING ON THE FEDERAL-AID HIGHWAY PROGRAM AND THE 1983 BUDGET

FEBRUARY 24, 1982

Mr. Chairman and Members of the Committee. The Department of Transportation welcomes this opportunity to discuss the President's Fiscal Year 1983 budget proposals, which were transmitted to Congress on February 8, and how they will affect the highway program. We hope to be able to answer most of your questions after first giving you a quick overview of what we propose.

First, I want to thank this Committee for its attention to and efforts to pass the highway legislation which the Department submitted last year. The efforts of Chairman Stafford and the Chairman of the Subcommittee on Transportation, Mr. Symms, to negotiate a 1981 Highway Act that was acceptable to the Administration are greatly appreciated. We believe that the 1981 Highway Act assisted the Administration's efforts in controlling spending and cutting costs while continuing the funding of the Nation's vital Interstate Highway System. The Department was very pleased with the provision of the Act which reduced the cost of completing the Interstate Highway System from about $54 billion to a level just below $39 billion--a savings of almost $15 billion. These savings were achieved through redefinition of system completion to eliminate nonessential features and by minimizing future changes in design, location, geometrics, and other construction features thus limiting further Federal cost increases.

Although the 1981 Act made strides in the right direction, even more changes in our highway and transportation programs are necessary. We are all painfully aware that all issues concerning transportation needs are related to the overall question of the amount of public money that should be dedicated by the Federal Government to highways and public transportation in the future. This question takes on great importance when you consider the President's continuing commitment to national economic recovery.

We feel that we have put together a 1983 Highway Budget which supports the Reagan Administration's premise that the cost and size of the Federal Government can be appreciably reduced while maintaining services and improving the quality and safety of our transportation systems.

Briefly, let us outline the major highway budget proposals for your consideration.

F.Y. 1983 BUDGET HIGHLIGHTS

For F.Y. 1983, this Administration is proposing a funding (program) level of $8.1 billion. This amount represents a decrease of $.5 billion from F.Y. 1982 estimated obligations. The decrease is primarily the result of a $.4 billion reduction in the Federal-aid highways program in F.Y. 1983. The F.Y. 1983 budget proposals incorporate all provisions of currently enacted legislation, and will also require additional authorizing legislation.

Highlights of FHWA's budget include:

- For Federal-aid highways, the F.Y. 1983 obligation limitation is proposed at $7.7 billion, excluding obligations for Emergency Relief.

- The F.Y. 1983 request for the Appalachian Highway Systems is $80 million from the Highway Trust Fund to be used for ongoing construction projects, repayment to States which advanced work in expectation of Federal funds, and for high priority projects to assure a minimum program for all Appalachian States.

The F.Y. 1983 request for the Motor Carrier Safety program is $12.7 million and does not include any funds for the Demonstration Program since the appropriation for F.Y. 1982 completes the funding for this project.

- The limitation on the General Operating Expenses (GOE) account is $191.6 million in F.Y. 1983 compared to $192.4 million in F.Y. 1982. The decrease in this account is primarily attributed to recent personnel reductions, the elimination of the reimbursement to the Office of the Inspector General and the deletion of the Rural Transportation Assistance Program.

- The proposed amount requested for the Highway Interstate Transfer Grant program is $150 million in F.Y. 1983 financed from the Highway Trust Fund. The F.Y. 1982 appropriation act included $288 million for this program and was financed from the General funds of the Treasury.

- The F.Y. 1983 budget proposes to rescind $19.6 million of budget authority for the Highway Related Safety Grants program. About half of the recission is of carryover funds which cannpt be used because of existing obligation limitations.

Interstate Program

The Federal-Aid Highway Act of 1981 reduced the cost to complete the Interstate System by limiting eligible construction items to those that provide a minimum level of acceptable service on a safely operating system. Our legislative proposal will continue that definition, but increases the authorizations for Interstate construction to $4.0 billion for FY 1984. To expedite completion of the System, the proposal will revise the criteria for distribution of Interstate discretionary funds. Rather than being allocated on a first come, first serve basis as under present law, the funds will be allocated by the Secretary on a priority basis to projects that will help complete Interstate segments not open to traffic and to projects of unusually high cost relative to a State's apportionment. The Interstate construction discretionary fund, in addition to lapsed amounts of previous apportionments, will be $300 million per year set aside from Interstate construction authorizations.

The importance of rehabilitating and preserving the Interstate System is indicated in the proposal by continuing high levels of Interstate 4R authorizations, $800 million for FY 1984 and $2.0 billion for fiscal years 1985 through 1987. Transfer of 4R authorizations to other programs will be eliminated except for transfers to Interstate construction. As a further indication of Federal interest, there will be established a 4R discretionary program to redistribute lapsed 4R funds to those States that are ready, willing, and able to obligate the funds.

Primary Program. Our legislative proposal provides authorizations for this program through FY 1986. The priority primary program and the connector primary demonstration program are eliminated so that States can select those projects that reflect their own priorities.

Bridge Program. The proposal will extend bridge replacement and rehabilitation program authorizations through FY 1986. A new bridge apportionment formula will be established to provide more equitable distribution. Apportionments will be available for 2 years, after which unobligated funds may be redistributed to other States. A discretionary bridge fund of $200 million will be set aside from the authorization for FY 1983 through FY 86.

Secondary and Urban Programs. State and local governments have a greater interest than the Federal Government in urban and secondary highway systems that essentially serve local and regional travel. To give responsibility for these highways to the appropriate level of government, our proposal will phase out Federal responsibility for, and involvement in, these programs. To facilitate the transition, the bill will provide authorizations for these programs for FY 1983, which should allow the States the necessary time to assume full funding responsibility for the programs.

Program Consolidation. The proposal will eliminate a number of existing categorical highway programs and will rescind any unappropriated authorizations. Unobligated balances will remain available until used or until the periods of availability expire. Most of these programs will be eligible activities under the regular primary, secondary, and urban programs in FY 1983 and under the primary program thereafter. The bill will also contain several provisions that will allow the Federal-aid highway program to be more effectively and efficiently managed.

Highway Trust Fund. The Highway Trust Fund will be retained as the financing source for Federal-aid highway programs. The proposal will extend highway excise taxes for 4 years, through 1988 and the trust fund itself through 1989. The specific tax structure is under development within the Administration.

Motor Carrier Safety Program. With respect to our Motor Carrier Safety Program, we will continue to concentrate on our most important responsibilities. As in the current year, we will maintain a high level of safety audits and investigations in the area of hazardous materials, hazardous substances, and hazardous waste movements by highway. We will terminate truck noise measurement and cargo security surveys, as well as de-emphasizing general accident investigations and routine complaint investigations. We will not seek continued funding for the four-State Motor Carrier Safety Inspection and Weighing Demonstration Program. Motor carrier safety research requirements will continue at a reduced level. In order to compensate for these program reductions, we will continue our work with the States in promoting the most effective State motor carrier safety programs through provision of training for State enforcement officers and technical assistance to State program managers.

Federalism Turnback. Our legislative proposals do not reflect the turnback of programs to the States and the Federalism Trust Fund initiated by President Reagan in the State of the Union Message. As stated by the President, specific legislation to implement the New Federalism will be developed after consultations with State and local officials and the Congress.

Highway Cost Allocation Study and Highway User Charges. The final Federal Highway Cost Allocation Study and report required by the Surface Transportation Assistance Act of 1978 will be submitted to the Congress soon. The study's findings will include estimates of cost responsibilities for the various vehicle classes and recommendations for improving equity in highway user changes.

In conclusion, our combined legislative and budget proposals represent a commitment to those highway programs that are of national scope and character. We look forward to working with you on these initiatives. We will now answer any questions you may have.

Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

General Counsel

APR 6 1982

Ms. Jean Schrag
Professional Staff Member
Committee on Environment and
Public Works
400 7th Street, S.W.
Washington, D.C.

Dear Ms. Shrag:

Thank you for providing us with an opportunity to testify before the Senate Committee on Environment and Public Works on the status of the Federal-Aid Highway Program. Enclosed are our responses to the Committee questions which Senator Symms submitted to the Secretary on March 2, 1982. The Senator requested that we forward our responses directly to your office.

If you have additional questions or I can be of further assistance, please do not hesitate to contact me.

Sincerely,
Rosalind A Knapp
John M. Fowler

Enclosures

Stafford

TERRITORIAL HIGHWAY PROGRAM

QUESTION 1: No funds are requested for the Territorial Highway program. Will this program be transferred to the Interior Department or will it be eligible for funds under some other category?

ANSWER:

No formal transfer is proposed for 1983. We have been informed by OMB that American Samoa, the Virgin Islands, and Guam can request the Department of the Interior to either reprogram any unobligated capital improvement funds or seek additional authority for funding highway needs. For the Northern Marianas we understand there are unrestricted block grant funds administered by Interior for such capital improvements. Under these programs the Territories will have to decide on the relative priorities of various projects.

The issue of funding the territories on a government-wide basis is being reviewed in light of the new federalism proposal. No funding decisions have yet been made for 1984 and the out-years.

Stafford

SECTION 18 PROGRAM

QUESTION 2: No new funding is requested in fiscal 1983 for the Section 18 program. Prior year funds of $43 million will be available to the States. Will any of this money be redistributed? If not, what happens to those States who have already used their entire allocation?

ANSWER:

Funds apportioned under the Section 18 program are made available by law for the year they are apportioned plus the 3 following years. The only Section 18 carryover funds which could be redistributed in fiscal year 1983 would be unobligated fiscal year 1979 funds which would lapse at the end of fiscal year 1982. We estimate that no more than $2 to $3 million will lapse and be redistributed nationally.

All States, including those which have already used their entire apportionment of Section 18 in fiscal year 1982, will remain eligible for capital assistance through the UMTA Section 3 discretionary grant program.

Stafford

ENVIRONMENTAL ACTION PLANS

QUESTION 3: The FHWA has issued an Advance Notice of Proposed Rulemaking which proposes to rescind the requirement that States prepare, and FHWA approve, environmental Action Plans.

(a) Why does FHWA feel this action is necessary?

(b) The purpose of the Action Plan was to ensure that environmental values were considered at all stages of the planning process, not just when the EIS was prepared and a public hearing held on a proposal. What assurance can you give that environmental values will continue to be considered at all stages of the planning process if these rules are rescinded?

ANSWER:

The Action Plan regulations were promulgated about 1 year ago in response to 23 U.S.C. 109(h).

With newer and more specific environmental regulations and requirements, the question arose as to whether the Action Plan requirements were needed.

The FHWA's review of its environmental regulations showed the following: (1) Over the last decade, States have accumulated extensive experience under both NEPA and the Process Guidelines and (2) the Action Plan regulations, although not considered costly, duplicate NEPA requirements as implemented by FHWA.

The FHWA's proposed action will make Action Plans optional rather than mandatory. The full intent of Section 109(h) will continue to be realized. Under this proposal, existing environmental regulations will be unified and streamlined by consolidating the requirements of NEPA and 23 U.S.C. 109(h) into one directive (23 CFR Part 771).

This proposed action by FHWA is part of an overall goal of this Administration to simplify and eliminate, where possible, unnecessary red tape in governmental regulations.

Stafford

ENVIRONMENTAL ACTION PLANS GUIDELINES

QUESTION 4: Has FHWA done any cost-effectiveness evaluations of the Action Plan requirement? If so, may we receive copies of these studies?

ANSWER:

A summary and evaluation of the costs associated with operating and revising the State Action Plans are contained on pages 7, 8 and 10 of the attached final report entitled, "FHWA Priority Review of Guidelines for the Development of Environmental Action Plans, 23 CFR 795 and FHPM 7-7-1," dated July 1981.

Abstracted comments received from State highway agencies regarding cost-effectiveness of the Action Plan requirements are contained on pages 30 and 31.

Attachment

FHWA Priority Review
of
Guidelines for the Development
of
Environmental Action Plans

23 CFR 795
&
FHPM 7-7-1

Final Report
July 1981

SUMMARY OF COST DATA

The following is a consolidation of cost data from the field survey and Federal Register docket responses from State highway agencies.

Annual Action Plan Operating Costs

The Annual Action Plan Operating Cost Data, as reported by 23 State highway departments, range from a savings of $600,000 to a cost of $300,000 per year. This results in an average cost of $12,700 per year which expands to $660,000 nationwide.

Action Plan Revision Costs

The State Action Plan revision costs (per revision), as reported by 19 State highway departments, range from $1,000 to $150,000 with an average cost of $41,200 per revision. Based on an average of 1-1/4 revisions per State over the last 5 years (1976-80), the nationwide annual Action Plan revision cost is estimated at $536,000 per year.

Other Costs

Only 3 States out of the 40 reporting indicated any costs under "Other Costs," and one of these States (Colorado) indicated a $5,000,000 savings rather than a cost. In view of the nature and limitations of this data, no attempt has been made to include it in the nationwide totals.

Summary

	Range	Nationwide Annual Totals
Annual Action Plan Operating Costs	(+) $600,000 to $300,000	$660,000
Action Plan Revision Costs	$1,000 to $150,000	$536,000
Other Costs (not enough data to analyze)	----	----

Total State Estimated Action Plan Costs ~~$1,196,000~~ per year
Say $1,200,000

Average Cost Per State Say $23,000 per year

COST/CONTROVERSY RESPONSES

Question: Do you consider the Process Guidelines/Action Plan requirements to be costly and/or controversial? If so, explain.

Out of the 40 State highway departments reporting, 32 responded to either or both parts of this question. This question is so worded that a non-response to either part of the question could be construed as a negative answer (i.e., "No"). However, the following tabulation reflects only the responses in which "cost" or "controversy" were addressed.

COSTLY/CONTROVERSIAL	
No/No	14 Responses
Yes/No	6 Responses
Yes/--	4 Responses
No/--	3 Responses
--/No	2 Responses
Yes/Yes	2 Responses
--/Yes	1 Response
	32

Conclusion:

From the above tabulation it is apparent that 17 State highway departments indicated that the Action Plan program is not costly and 12 indicated that it is. (Note: 5 out of these 12 reported cost figures of $25,000 or less).

Also from the above, 22 State highway departments indicated it is not controversial and 3 indicated it is.

In summary, the responses do not indicate that the Action Plan program is predominantly considered either costly or controversial, and raises the question as to whether this program even belongs in such a category.

COST AND/OR CONTROVERSY

Information and views were sought through a Federal Register Notice and a memorandum to all FHWA Regional Offices on the cost and/or controversy of the Process Guidelines/Action Plan requirements. The responses indicate that the Action Plan program is not predominantly considered either costly or controversial. As indicated earlier, of the 40 State highway departments reporting, 12 considered the program costly and only 3 indicated it was controversial.

Additionally, the responses failed to disclose any significant cost issues with respect to either keeping or eliminating the Action Plan/Process Guidelines as a separate approach to compliance with Section 109(h). The initial costs of establishment of the Action Plans have already been incurred, i.e., they are a "sunk" cost that cannot be avoided or recovered. The current Annual Action Plan Operating Cost Data, as reported by 24 State highway departments, range from a savings of $600,000 to a cost of $300,000 per year. These estimated operating costs, plus Action Plan revision costs, extend to a nationwide total Action Plan program cost of approximately $1,200,000 per year. This averages about $23,000 per year per State.

While this response does not strongly support the criticism of the Action Plan program by some FHWA staff and AASHTO, there continues to be a widely held belief that NEPA requirements have substantially superseded the Action Plan requirement, relegating it to a second level priority and calling its necessity (and its costs) into question.

BENEFITS

The major benefits of the Action Plan program cited in response to the recent field questionnaire by the States and the FHWA field offices would remain with this alternative:

- establishment of interdisciplinary staffs
- presentation of the State's highway development process in one document
- improved public and other agency participation
- improved product/projects
- improved agency credibility
- improved Program Management
- improved consideration of SEE effects and alternatives
- increased understanding of the highway development process by other agencies and the public
- clearer definition and understanding of roles and responsibilities (within State highway agencies and between the States and FHWA)
- improved decisionmaking

In addition, States would benefit greatly from the increased flexibility afforded them under the delegated program proposed in the modified regulation.

IMPLEMENTATION

After informal distribution of the OEP revision to the field for comments, the revised 23 CFR 795 would be developed as a Notice of Proposed Rulemaking and published in the Federal Register. Subsequently, comments received would be considered and a final Notice of Rulemaking would be issued. A revised

Cost-Effectiveness of the Process Guidelines/Action Plan Program

State comments were divided on whether the existing requirements are costly.

Several States commented that the costs of the Process Guidelines/Action Plan Program are minimal or that costs incurred as a result of these requirements are not significant.

> "Costs associated with the process guidelines - Action Plan program - are minimal."
>
> Missouri Highway and Transportation Commission

> "The cost added to project studies because of the Process Guidelines/ Action Plan requirements seems minimal."
>
> Maryland Department of Transportation

> "Assuming no change in NEPA regulations or existing State laws and regulations, there would be no appreciable difference in annual operating costs with or without the Action Plan."
>
> California Department of Transportation

> "Costs for operation without an Action Plan would not significantly change annual operating costs unless other regulations (NEPA, Uniform Act, etc.) were revised."
>
> Kansas Department of Transportation

> "Costs are the same with or without Action Plan."
>
> Wyoming Highway Department

> "Operating costs could be substantially reduced by an across the board review and cleanup of laws and regulations affecting the highway program . . . . Generally, the Action Plan itself does not significantly increase the Department's operating costs."
>
> Maine Department of Transportation

> "The Action Plan does not create significant additional expense for the Department . . . . In fact, the Action Plan probably saves the Department money . . . .
>
> The annual operating budget with or without the Action Plan is virtually the same. However the utilization of the Action Plan offers the potential for substantial savings with the early identification of problems and regulatory conflicts."
>
> Arkansas State Highway and Transportation Department

> "Since the ADOT Action Plan was based on the actual operating procedures of the Department, very little was added to meet federal requirements. This helped to minimize increased costs to implement the Action Plan process."
>
> Arizona Department of Transportation

Some states commented that the program is costly because it fails to be of benefit.

> "Since there appears to be no specific benefit to the process guideline/Action Plan approach, any cost associated with this would appear excessive."
>
> State of Idaho Transportation Department

> "Only 5 - 6 pages of the UDOT Action Plan are referred to with any regularity or attention. For the amount of use to which the UDOT Action Plan is put, the cost is incommensurate."
>
> Utah Department of Transportation

> "Any expenditure of public funds, no matter how small, should be considered costly if the product or service it provides does not serve its intended purpose. The Action Plan is burdensome in that its requirements are duplicative and add administrative red tape to government agencies."
>
> Illinois Department of Transportation

Revisions and maintenance of the Action Plan, especially to meet other requirements, was cited as costly.

> "Initial preparation and updating is costly."
>
> New York State Department of Transportation

> "The only problem associated with the Action Plan is the excessive cost of maintaining it. The annual cost in maintaining an Action Plan is $3000."
>
> Wisconsin Department of Transportation

> "The costs associated with the revision of the Action Plan have been relatively minimal. The two previous revisions including staff and reproduction costs amounted to only several thousand dollars. However, the revisions currently underway to satisfy CEQ, DOT and proposed FHWA regulations will cost in excess of $50,000."
>
> Texas State Department of Highways
> and Public Transportation

Other comments related to such issues as the costs of project delays, the need to streamline procedures, and the desire to use these funds for other purposes.

> "The Action Plan process is costly because of project delays and the need for additional administrative staff."
>
> Washington State Department of
> Transportation

> "The $50,000 spent for a periodic rewrite could be termed costly. If the process guidelines were streamlined, these periodic costs could be substantially reduced. . . . Enough flexibility should be allowed so that local conditions can be provided for without undue delay or cost to any particular project."
>
> Montana Department of Highways

> "We do consider the Action Plan requirements to be costly. Two hundred thousand dollars a year may not seem like a large amount, but it does amount to at least one small project being denied to the people of our State."
>
> New Hampshire Department of Public
> Works and Highways

Stafford

DOT REORGANIZATION

QUESTION 5: We understand that DOT is undergoing an internal reorganization.

(a) Can you assure us that this reorganization will not affect the Office of Environment and Safety within the Office of the Secretary?

(b) Will OST continue to review final EISs for major FHWA funded projects?

ANSWER:

(a) The Office of Environment and Safety was reorganized in September 1981. At that time, the safety function was transferred to the Office of Industry Policy, in recognition of the fact that transportation safety is essentially a by-product of good industry management of transportation operations. The day-to-day responsibilities for operations and safety-related activities have been and will remain a primary responsibility of each of the Department's Operating Administrations.

The Office of Environment (which remained after the 1981 reorganization) was abolished effective March 1, 1982, as part of an overall reorganization of the Office of the Assistant Secretary for Policy and International Affairs. The reorganization of the Assistant Secretary's office was undertaken to provide a more streamlined management structure and to reflect staff reductions necessitated by budget constraints. Many of the functions of the former Office of Environment, including environmental policy formulation, review and coordination, have been retained in an environmental division which is a part of the Office of Economics within the Office of the Assistant Secretary.

(b) OST will not continue to review final EISs for major FHWA funded projects on a routine basis. This change is being made to place more responsibility in the Operating Administrations. FHWA and the other administrations have developed considerable expertise in environmental matters and no longer require the same degree of oversight in day-to-day implementation of the National Environmental Policy Act (NEPA). The Assistant Secretary for Policy and International Affairs will continue to be able to request, on a case-by-case basis, review of final EISs involving major policy considerations.

Stafford

SHIPMENT OF RADIOACTIVE MATERIALS

QUESTION 6: Under a final rule issued for the shipment of radioactive materials --

(a) Could you please describe DOT's responsibilities under these regulations.

(b) Will budget and personnel reductions at the Department affect your ability to carry out these responsibilities?

ANSWER:

(a) DOT's responsibilities under the regulation dealing with highway routing of radioactive materials is described in the attached Fact Sheet which accompanied the issuance of the final rule on January 16, 1981.

(b) When the RSPA budget for FY 1983 was developed, we were aware of the continuing responsibilities which would be associated with the administration of this regulation; the portions of the budget for the MTB and related RSPA activities are, in our judgment, adequate to permit us to discharge our responsibilities in this area.

Attachment

fact sheet

United States
Department of Transportation

Office of Public Affairs

Washington, D.C. 20590

The information contained in this fact sheet has been checked for accuracy and corrected as of the date shown below. The Office of Public Affairs should be contacted if further information is required.

Subject: REGULATIONS CONCERNING HIGHWAY ROUTING OF RADIOACTIVE SHIPMENTS

Date: January 16, 1981

Phone:

BACKGROUND

Under the Hazardous Materials Transportation Act (HMTA) DOT has the authority to regulate the transportation of hazardous materials in commerce. Among other things, HMTA specifically identifies routing as one form of regulation DOT may deem necessary and appropriate for the safe transportation of hazardous materials.

The volume of radioactive shipments is growing each year. As estimated two million packages of radioactive materials were shipped by all modes of transportation last year. That figure is expected to increased to 3.5 million packages by 1985. As a part of its ongoing effort to ensure the safe transportation of hazardous materials, DOT has adopted specific rules which address problem areas identified with the current movement of radioactive materials. These rules do not permit the shipment of previously restricted materials, but rather specify the manner of route selection when carriage occurs by public highway. The regulations require that motor vehicles carrying certain types of radioactive materials, use routes that present risks to the fewest possible persons yet minimize transit time.

TYPES OF RADIOACTIVE MATERIALS

The rules cover two types of materials that require carriers to display radioactive placards.

(1) Type A quantities, or lower-level radioactive materials, such as medical, research and industrial-use isotopes, represent about 56% of all radioactive materials shipped.

(2) Type B packages, high-level or large quantity shipments such as spent reactor fuel, represent less than 0.1% of all radioactive materials shipped.

The remaining packages of radioactive materials shipped are low-level or "limited quantity" packages whose aggregate radioactivity or concentration levels are such that they represent a minimal risk during shipment. These are items such as smoke detectors and hospital pharmaceuticals and are excluded under the rules.

HIGH LEVEL SHIPMENTS

The rule would require motor vehicles carrying high level or large quantity shipments of radioactive materials to follow "preferred" highway routes or routes designated by a state in consultation with local officials. In the absence of state action, carriers are required to use Interstate System highways. When approaching urban areas, trucks would be required to use an Interstate beltway or bypass route to avoid center city neighborhoods.

Shipments of irradiated nuclear plant fuel, which are included in the class of large quantity packages also have to meet the requirements for physical security currently imposed by the Nuclear Regulatory Commission.

LOWER LEVEL RADIOACTIVE SHIPMENTS

Lower-level shipments are covered by the general rule to use routes that limit risks to populated areas and encourage the use of Interstate or State-designated preferred routes. Carriers are responsible for notifying drivers of the presence of radioactive materials in their shipments and indicating routes to be followed using the following criteria:

(1) time of day and day of week the highway would be used,
(2) population densities and activities along the route and
(3) accident rates.

ROLE OF STATE AND LOCAL GOVERNMENTS

Under the rule the Interstate highway system would be the basic Federal framework for providing safe and efficient routes for large quantity shipments. However, the Department recognizes the limitations of relying solely on the Interstate System and has given route designation authority to the states. State designated routes or preferred routes will complete the link between the Interstate System and facilities handling large quantity packages, and where use of the Interstate System would involve unreasonable distances which may negate the safety benefits.

Local governments need to participate in the selection of preferred routes and the rule contains two requirements to involve local governments.

(1) States will consult with affected local jurisdictions before establishing a preferred route. The basic format of such an informal process is envisioned by DOT as being similar to Administrative Procedure Act requirements. This involves public notice of the intended action, a solicitation of comments, public hearings if possible, and full consideration of important issues raised in the proceedings.
(2) A recommendation that each State establish an advisory group composed of city and county officials. The purpose of the group would be to meet periodically, recommend to the State appropriate methods for consulting with local jurisdictions, and review the effectiveness of those methods in actual practice.

DOT GUIDELINES

To assist States in their designation of preferred routes the Department of Transportation has developed "Guidelines for Selecting Preferred Highway Routes for Large Quantity Shipments of Radioactive Materials." The guidelines provide a clear, step-by-step procedure for performing routing analyses which should result in uniform and consistent decisions. Some of the criteria evaluated included: accident rates, population statistics, conditions of roadways, emergency response capabilities, property values, evacuation capabilities, and location of facilities such as schools and hospitals which require special consideration. In order to give States and localities adequate lead time to comply with the rule the effective date will be February 1, 1982.

PRENOTIFICATION

An issue raised in the public comment to this Docket but not adopted in the final rule involves prenotification of radioactive materials shipments to State and local jurisdictions through which the shipments may pass. DOT will rely on rules which are currently being considered by the Nuclear Regulatory Commission (NRC). Congress enacted legislation (P.L. 96-245) directing the NRC to develop regulations which will provide State governments with advance notification for shipments of high-level nuclear waste. Although some information would carry an interim Classification as "confidential" it could be passed-on to local officials within the State.

ROUTE PLANS

A shipper of large quantity shipments must provide a copy of the route plan to the Department of Transportation within 90 days of the shipment in order to develop information on long term route patterns. This information will be made available to State and local governments for use in updating emergency response plans. The plan will include

(1) origination and destination points,
(2) a specific route which uses preferred highways, wherever possible,
(3) identification of all planned stops,
(4) estimated departure and arrival times, and
(5) telephone numbers for emergency assistance in each state to be entered.

DRIVER TRAINING REQUIREMENTS

Driver training requirements currently exist for operators of motor vehicles carrying hazardous materials. The new rule requires additional instruction every 2 years for drivers of vehicles transporting a large quantity of radioactive materials. Training includes:

(1) familiarization with radioactive materials,
(2) instruction on the hazards and characteristics of large quantity radioactive materials, and
(3) knowledge of emergency procedures in the event of an accident.

REGULATORY REVIEW

DOT intends to conduct an evaluation of this rule, a year following its effective date. This evaluation will consider the rule's impact on public health and safety, and its effect on carriers, and State and local jurisdictions, with particular attention to any difficulties that have appeared during the rule's implementation. As part of that evaluation, notice will be published to solicit public comments, and a direct solicitation of comments will be made to States and local governments.

Stafford

ENVIRONMENTAL VALUES

QUESTION 7: What additional measures are being taken by FHWA and DOT to ensure environmental values will be considered and, where appropriate, promoted at all stages of the decision-making process?

ANSWER:

The FHWA approach to ensure the proper consideration of all appropriate measures to minimize harm to the environment is a broad spectrum of activities that encompasses all aspects of our operations. Specific actions that are appropriate to highlight in this response include (1) the program management approach used by FHWA, (2) the emphasis FHWA places on early coordination with other agencies and the public, (3) the strong emphasis FHWA places on training both its own staff and State DOT staffs and (4) the guidance material that FHWA issues to ensure the proper understanding of the various environmental requirements.

Specific examples of each of the above items follows. Because of the limited size of the FHWA staff, the FHWA Office of Environmental Policy (OEP) focuses its efforts on program management activities, training activities, and reviews of major transportation proposals. In the field of training, the OEP has, over the past 5 years, conducted approximately 175 training courses in such diverse fields as air quality, transportation noise impacts, water quality analysis, archeological and historic preservation, social impacts, how to prepare environmental documents, conflict resolution, and how to conduct public hearings and public meetings. We estimate during this time period that we have provided training to approximately

4,500 State, county, and city personnel in these various subject areas. During the current fiscal year, 49 courses in traffic noise, air quality, the preparation of envionmental documents, etc., are scheduled.

Another important area is to ensure a uniform nationwide understanding on various policy and technical matters. This is accomplished both through the issuance of written guidance material and technical reports and also through periodic regional and national workshops and meetings. The Associate Regional Administrators from our 9 Regional Offices met in Virginia in early March to discuss a number of topics including environmental subjects. Later this year, in May, we plan to have each of our Regional Directors of the Office of Environmental Programs in Washington for a national workshop to discuss in detail environmental issues of national concern. In the guidance area, FHWA is now printing, for nationwide distribution, a Technical Advisory which provides detailed guidance on all aspects of the content of the various environmental documents.

Environmental concerns continue to be the subject of detailed reviews during all phases of FHWA operations. The FHWA involvement continues through project development, including construction activities where we recently conducted a nationwide program review to ensure that environmental commitments made during earlier phases of project development were, in fact, carried forward through the construction phase.

In summary, in the 13 years since the passage of the NEPA, the FHWA's Environmental Process has evolved from a position where it was initially an "add on" to other existing procedures to today's process where environmental issues are woven throughout and are an integral part of all FHWA activities. The DOT officials would be pleased to meet with committee staff members to discuss this subject in greater detail if they believe it would be helpful.

Symms

HIGHWAY ROUTING OF RADIOACTIVE MATERIALS

QUESTION 1: I understand that a Federal District Court judge in New York City issued an opinion last Friday that determined the Department of Transportation's HM-164 highway routing rule for radioactive materials should be enjoined to the extent that it overrides non-federal bans on truck transportation of spent fuel and other large-quantity shipments of radioactive materials through densely populated areas such as New York City.

(1) Could you provide for the record an assessment of the impact of this decision on Department of Energy sponsored facilities, such as Brookhaven National Laboratory, or on the return of research reactor fuels to the United States from overseas under agreements between the foreign governments and the United States?

(2) Could you provide for the record an assessment of what will be needed in order to comply with the judge's directive to give further consideration to alternatives to truck transportation of spent fuel and other large quantity shipments of radioactive materials through densely populated areas such as New York City?

(3) After you have had an opportunity to study the judge's opinion in more detail, could you tell us, if DOT is required to consider whether alternative transportation modes are potentially safer, or whether a particular hazardous material should be transported at all, before DOT establishes regulations governing transportation of any hazardous material by a particular mode through a densely populated area, would this significantly expand DOT's regulatory role in transportation matters, and what would be the impact of your program?

ANSWER:

A final order by the Federal District judge in the New York City case involving DOT's regulations on highway routing of radioactive materials (HM-164) will not be issued until March 21. Prior to that time, the opinion and its implications will be analyzed carefully and future action will be determined by coordination among the affected agencies. Until that has been done and until some judgment can be made as to any future litigation, it is not possible to know the impact of the case on the activities sponsored by the Federal Government, alternative modes of transportation which may have to be considered, or DOT's regulatory activities.

Baucus

DISCRETIONARY INTERSTATE PROGRAM

QUESTION 1: Traditionally, near the end of the fiscal year, the Federal Highway Administration reallocates Interstate highway money under a discretionary funding program.

Does the Federal Highway Administration anticipate distributing money in fiscal year 1983 under the Discretionary Interstate Program?

ANSWER:

The amount available for distribution during FY 1983 will not be known until a determination is made as to the amount of Interstate funds lapsed by the States, if any, at 9-30-82. However, we do expect to make a distribution of Interstate Discretionary Funds in FY 83.

Baucus

STATE PREFERENCE LAWS

QUESTION 2: My question concerns state preference laws under the Federal Highway Administration.

The State of Montana has a contractor preference law (Title 18, Section 2, parts 1 and 4) that gives preference to resident contractors whose bid is within three percent of the lowest non-resident bidder. The Montana statutes also provide a preference for Montana labor on Montana projects.

The Montana Attorney General has ruled that this preference clause must be applied -- even when federal funds are involved.

My question is -- given the Administration's New Federalism, or renewed federalism -- will the Department allow the Montana statute to stand -- or will the State law be overriden by Federal Highway Administration regulations?

ANSWER:

The Department cannot allow the Montana statute to override statutory and regulatory requirements of the Federal-aid highway program. The statute, 23 U.S.C. 112, requires that contracts for construction of Federal-aid highway projects be awarded only on the basis of the lowest responsive bid submitted by a responsible bidder. The Federal Highway Administration has implemented this statutory mandate by issuing regulations (23 CFR 635.107-108, 635.111 and 635.124) which preclude use of State preferential or residency requirements that interfere with the "lowest responsible bidder law."

Attempts to apply State resident preference statutes to Federal-aid highway projects have been struck down by the courts. Moreover, State preference laws may present serious constitutional problems.

Committee

FOREST HIGHWAYS AND PUBLIC LANDS HIGHWAYS

QUESTION 1: What provision will be made in fiscal 1983 for Forest Highways and Public Lands Highways?

ANSWER:

Forest Highways - Because these public roads are essential for the protection, administration, and utilization of the National Forest System and the use and development of its resources, the Federal Highway Administration proposes that Forest Highway funds be reserved from any obligation limitation distribution, consistent with recent legislation and the continuing authorizations.

Public Lands Highways - We propose that the necessary obligation needs for Public Lands Highways be met from the distribution of obligation limitation to the States, consistent with recent legislation and continuing authorizations.

Committee

EMPLOYMENT LEVELS

QUESTION 2: What is your level of permanent positions at this time? How many more separations do you anticipate in fiscal 1982 and in fiscal 1983?

ANSWER:

The FHWA full time permanent position level for fiscal year 1982 is 3,639 (including Saudi Arabia employees). We estimate separations -- mostly through attrition -- of 276 full-time permanent employees between February 28, 1982 and September 30, 1982. (See Committee question 12 for end-of-year employment levels.)

Committee

NEW FEDERALISM

QUESTION 3: As I understand it, the first phase of the President's new federalism proposal would be optional. Could you please explain how the highway programs contract authority would be treated through the transitional period?

ANSWER:

The specifics of the New Federalism Initiative are still being worked out. We will be able to answer your question as soon as the proposal is finalized after the consultation period with state and local officials and other interested parties such as yourself.

Commmittee

HIGHWAY NEEDS

QUESTION 4: The Department of Transportation issued a report entitled "The Status of the Nation's Highways: Conditions and Performance" in January 1981. Do you believe this is still an accurate reflection of highway needs?

ANSWER:

The report was accurate at that time, but more current estimates are presently available which indicate slightly higher need than the January 1981 report.

The attached tables reflect our most current estimates of capital investment needs to maintain 1978 highway conditions on all nonlocal roads (A), and on existing Federal-aid systems (B). These tables are based on the estimates contained in the 1981 report to Congress, updated to include recent highway obligations and inflation. It should be noted that cost-to-complete the Interstate System is not included, nor are estimates for any construction opening new highway corridors. In addition, urban needs estimates are understated because of the constraints to added highway capacity due to right-of-way limitations in urban areas.

Assuming a $38.9 billion estimate for completing the Interstate and a conservative 10 percent estimate for construction of new highways to accomodate the increasing growth in sun belt States a more realistic estimate of $286 to $312 billion will be required from all sources to maintain conditions and achieve a minimum expansion in highway service from 1982-1995.

TABLE A

1982-1995 Capital Investments to Maintain* Highway Conditions as in 1978 by Functional Class
(In billions of 1982 dollars)

Minimum Condition Standards	VMT Growth Per Year	URBAN Functional System: Inter-state	Other Freeways and Express-ways	Other Principal Arterials	Minor Arterials	Collec-tors	Total	RURAL Functional System: Inter-state	Other Principal Arterials	Minor Arte-rials	Major Collec-tors	Minor Collec-tors	Total
Current	1.2%	9.86	6.25	19.75	23.62	26.72	86.20	8.70	18.55	20.55	64.51	38.31	150.62
Current	2.8%	10.39	6.70	20.74	24.23	27.03	89.09	12.46	23.90	30.03	68.92	39.55	174.86
Relaxed Rural	1.2%	9.86	6.25	19.75	23.62	26.72	86.20	6.76	15.89	13.84	42.72	31.12	110.33
Relaxed Rural	2.8%	10.39	6.70	20.74	24.23	27.03	89.09	7.82	17.81	20.86	46.36	32.48	125.33

*Will not maintain urban 1978 conditions due to physical limitations on existing urban highwys.

Total Urban and Rural

Mimimum Condition Standards	VMT Growth Per Year	Urban	Rural	Total	Billion $/Year
Current	1.2%	86.2	150.6	236.8	18.2
Current	2.8%	89.1	174.9	264.0	20.3
Relaxed Rural	1.2%	86.2	110.3	196.5	15.1
Relaxed Rural	2.8%	89.1	125.3	214.4	16.5

TABLE B

Federal-Aid System 13-Year Capital Investment Levels Which Will Maintain Current Conditions (In billions of 1982 Dollars)

	Total Cost			Total Federal Cost		Average Annual Federal Cost	
Federal-Aid System	High Travel	Low Travel	Current Federal Share*	High Travel	Low Travel	High Travel	Low Travel
Primary	63.88	50.64	.48	30.68	24.27	2.4	1.83
Secondary	60.22	56.72	.30	18.09	17.06	1.37	1.32
Urban**	40.98	40.31	.40	16.37	16.14	1.28	1.28
Interstate***	27.82	24.73	.90	25.07	22.21	1.95	1.72
TOTAL	192.9	172.4		90.21	79.68	7.00	6.15

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*The current share has been used to estimate future Federal costs. It cannot be assumed that this share will hold constant however, because trends indicate substantial variation in this Federal/non-Federal ratio.

**These levels will not maintain 1978 conditions. They represent upper dollar level that existing FAUS mileage could absorb.

***Includes $4.5 billion for bridge deck repair. Does not include cost to complete. This range would supply sufficient funds to eliminate most deficiencies that currently exist or are anticipated to accrue in the future.

Committee

EFFECTS OF FEDERALISM ON FHWA

QUESTION 5: If President Reagan's "New Federalism" proposal to delegate all but the Interstate System to the States is enacted, what would the structure of the Federal Highway Administration (FHWA) look like?

ANSWER:

It is premature to speculate about the future FHWA organization at this time. Much study, analysis, and discussion by various interest groups, national organizations, and the Congress will be required before New Federalism legislation is introduced and enacted. Very few details are known as yet, and the rather broad information items reported by the media are not cast in concrete. It is safe to assume that FHWA will be affected by the federalism initiative, but the degree and direction of any changes would be conjecture at this point.

Committee

CONSOLIDATION OF THE EXISTING FEDERAL-AID PROGRAM

QUESTION 6: To increase State flexibility the Administration proposes to consolidate many of the existing Federal-aid program categories and to make them eligible within the major programs. Which programs will be included in the consolidation, and under which major programs will they be eligible?

ANSWER:

We favor elimination of a number of existing categorical programs that have already served their purposes or that serve State and local interests, but warrant little national attention. Among these are economic growth center highways, Great River Road, access roads to lakes, safer-off system roads, railroad- highway crossings demonstration projects, and the bicycle program. States will be able to make their own determinations as to the priority of these programs, all of which would be eligible for Federal funds under the primary, secondary, and urban programs to the extent that project activities occur on those systems.

Committee

EXTENSION OF HIGHWAY TRUST FUND

QUESTION 7: Will the Administration request an extension of the Highway Trust Fund as a part of its legislative package? Has the Administration given any thought to the total number of years the Trust Fund should be extended?

ANSWER:

Yes, an extension of the Highway Trust Fund will be requested. We are considering a 4-year extension of the time for which taxes would accrue to the Highway Trust Fund until October 1, 1988. In line with this extension, we would also propose extending the time for which expenditures may be made from the Trust Fund to October 1, 1989, and extending the time for which the annual report on the Trust Fund would be made to September 30, 1990.

Committee

BALANCE OF THE TRUST FUND

QUESTION 8: Given the recent decline in revenues coming into the Trust Fund, what effect will the Reagan Administration's recommended program levels have on the balance in the Trust Fund?

ANSWER:

Given the program levels as proposed in the President's budget for FY 1983, and assuming an extension of the Highway Trust Fund with no increase in user fees, it is projected that the Highway Trust Fund balance will be reduced from about $9.3 billion at the end of FY 1981 to approximately $7.6 billion by the end of FY 1986.

Committee

REVENUES FOR FY 83 AND BEYOND

QUESTION 9: The Administration plans to propose highway legislation soon. Will this proposal include a request for additional revenues for fiscal year 1983 and beyond? Will the current levels of revenues be sufficient to finish the Interstate and protect capital investments already in the system?

ANSWER:

The current levels of revenues are sufficient to promote timely completion of the Interstate and protect the capital investments in that System. This can be achieved by consolidation of categories and the phasing out of programs that are of more local interest than they are of national interest. At this time the Administration has not decided to request additional highway revenues for fiscal year 1983 and beyond, but the subject is still under consideration. I support the principle of user fees and believe that phased-in highway-user fees are an option which should be considered.

Committee

TRUST FUND BALANCE

QUESTION 10: According to the FY 1983 budget submission, the unappropriated trust fund balance at the start of FY 1983 is estimated at about $8.9 billion. *What are the advantages and disadvantages of drawing down the balance?

ANSWER:

Advantages

Assuming an extension of existing tax levels, the primary advantage of drawing down the Trust Fund balance as opposed to maintaining the current balance is that it would permit a larger program level.

Disadvantages

The major disadvantage is that if you took advantage of the higher program levels in the near term, either the long term program would be drastically reduced or the duration of the Trust Fund would have to be extended and taxes increased in the future. It should be noted that the size of the Trust Fund balance results from the policy of equating the funds needed to liquidate highway authorizations and identified revenues -- this policy assures that identified revenues will be available to fund the large commitments in the highway program, standing at almost $19 billion at the end of 1982.

*As a technical point, it should be noted that the question refers to a $8.9 billion balance in the HTF at the beginning of FY 83. However, our figures indicate the predicted balance at the beginning of FY 83 is $8.6 billion.

Committee

EMERGENCY RELIEF FUND

QUESTION 11: The Emergency Relief Fund is currently authorized at $100 million per year. Will you propose any change in the funding level for that program? Is there sufficient money available in this category to fund all the disaster related projects eligible for money?

ANSWER:

MAJOR POINTS:

1. Based on disasters which have occurred to date, we project approximately $106 million will be obligated in FY 1982 (out of $120M available). Should additional major disasters occur and a significant amount of funds be needed to fund these disasters in FY 1982, we could experience a shortfall of ER funds this year.

2. Based on currently approved disasters and obligation projections for FY 1982, approximately $78 million in obligations will have to be carried forward to FY 1983 and the out-years. This figure could increase if further disasters occur during the remainder of FY 1982.
3. Legislation is being considered to amend Title 23 to provide for a more fiscally stable and responsive ER program.

BACKGROUND:

Approximately $120 million in newly authorized and carryover funds was available for the ER program in FY 1982. Based on disasters which have occurred through January 1982, we estimate $106 million will be needed by the States and other Federal agencies in FY 1982.

With the heavy snowpack which accumulated this winter in the western States, the potential is great for severe flooding during the spring melt. Should this occur, and should obligations be scheduled in FY 1982 for these and other disasters which are likely to occur, we could experience a shortfall in ER funds this year.

Further, based just on disasters which have occurred to date, about $78 million in scheduled obligations will have to be carried forward to FY 1983 and the out-years. Based on the number and magnitude of disasters we could experience during the remainder of FY 1982 and in FY 1983, it is likely we could also experience a shortfall in ER funds in FY 1983.

Legislation is being considered which would help to ensure the fiscal stability of the ER program. Among the items is an increase in the authorization in FY 1983 from $100 million to $150 million. This increase will allow the timely funding of the continually increasing number and cost of projects eligible for ER funds in FY 1983.

Committee

FHWA PERSONNEL CUTS

QUESTION 12: Has the Federal Highway Administration been requested to cut personnel? If so, do you believe this will have any impact on the amount of technical assistance the agency will be able to give the States?

ANSWER:

As of September 30, 1981, the FHWA had 3,785 full-time permanent employees on-board. We have been requested and expect to achieve an employment level of 3,454 (including Saudi Arabia employees) by the end of fiscal year 1982 and we anticipate the same employment level of 3,454 at the end of fiscal year 1983. It is our intention to focus the highway program towards those categories that are clearly in the federal interest which will allow us to continue our high level of expertise in working with the States while still doing our part in the Administration's effort to reduce the federal workforce. I would emphasize that FHWA has gone out of its way to mitigate hardship to adversely affected employees and to be as fair and humane as possible in protecting our people. It should also be noted that workload requirements continue to be met by shifting staff to higher priority programs as lower priority programs are eliminated or reduced. (Please refer to Committee question 2 for permanent position level.)

Committee

SUPPLEMENTAL APPROPRIATION FOR LIQUIDATING CASH FOR FY 82

QUESTION 13: Will the Administration request a supplemental appropriation for liquidating cash for FY 1982? How much are you requesting?

ANSWER:

We have no plans for submitting a FY 82 Supplemental Appropriation for liquidating cash for Federal-aid Highways.

Committee

DISTRIBUTION OF ESTIMATED BUDGET AUTHORITY

QUESTION 14: Can you give us any information as to how the $8.057 billion requested for FY 1983 will be distributed among the highway categories?

ANSWER:

It should be noted that the $8.057 billion represents the total estimated budget authority included in the FY 1983 budget of the Federal Highway Administration. Below is a listing of the appropriation accounts and applicable amounts associated with each. This totals the $8.057 billion:

Appropriation Account	Amounts
Motor Carrier Safety	12.705
Federal-aid Highways 1/	7,800.000 2/
Interstate Transfer Grants (Highways)	150.000 2/
Appalachian Highway System	80.000 2/
Highway Safety Research and Development	8.600
Miscellaneous Trust Funds	6.550 3/

1/ It should be noted that not all of this $7.8 billion is currently authorized, and although the Administration's legislative proposal is nearing completion, a firm decision as to the categories and authorization amounts have not as yet been finalized.

2/ Requires additional authorizing legislation.

3/ This constitutes an estimated amount of fund deposits made to the FHWA by foreign countries and States and local governments for the payment of expenses incurred on a reimbursable basis and does not require an appropriation action by the Congress.

Committee

APPALACHIAN HIGHWAY

QUESTION 15: The Administration is requesting $80 million for the Appalachian Highway in fiscal year 1983. How much more is still required to finish the Appalachian Highway Program?

ANSWER:

Remaining cost to complete the entire system is approximately $8.9 billion of which 80 percent or $7.1 billion would be the Federal share. This cost is considered to be far in excess of the Federal Government's ability to fund the program given the current state of the national economy and other pressing budget needs.

The $80 million requested for each fiscal year 1983 through fiscal year 1986 is intended to repay States for prefinanced projects, to complete projects which are currently in stage construction, and fund certain other high priority projects. Therefore, the $80 million requested for fiscal year 1983 should not be compared with the cost to complete the entire system.

FISCAL YEAR 1983 BUDGET REVIEW

Environmental Protection Agency

FRIDAY, FEBRUARY 26, 1982

U.S. Senate,
Committee on Environment and Public Works,
Washington, D.C.

The committee met at 10:15 a.m., in room 4200, Dirksen Senate Office Building, Hon. Robert T. Stafford (chairman) presiding.

Present: Senators Stafford, Chafee, and Gorton.

Senator Stafford. The Committee on Environment and Public Works will please come to order.

For the committee, we welcome you all here this morning.

The chairman apologizes for being late. I was supposed to be interviewed at 10:00 o'clock for 5 minutes and the interview ran 15.

This is the second hearing of the committee to hear testimony regarding the proposed EPA budget for fiscal year 1983.

Last Tuesday we heard testimony from the Administrator of the Agency on the budget proposal. I felt that that was productive and we learned a good deal about the direction which EPA currently plans for itself.

As I stated in my opening statement last Tuesday, some aspects of the budget proposal gave me concern. So I was definitely impressed on Tuesday with the obvious coherence and direction of the Agency's administration, which parenthetically was lacking a year ago. My concerns were not relieved. I continue to be concerned that it is an incorrect assumption that States and localities have the current resources to accept additional regulatory responsibilities as proposed by EPA's budget.

I also continue to be concerned that the research which EPA has conducted over the years on which much of our present environmental quality is based will be curtailed by this budget proposal.

Senator Gorton has an opening statement which will be placed at this point in the record.

OPENING STATEMENT OF HON. SLADE GORTON, U.S. SENATOR FROM THE STATE OF WASHINGTON

Senator Gorton. As a member of the Senate Budget Committee and this committee, I have a significant interest in the budgetary affairs of the Environmental Protection Agency. As some of this committee may remember, I proposed additions to the EPA fiscal 1982 budget. This year, I have made a proposal to the budget committee which calls for the Congress to develop its own budget, rather than accept that budget proposed by the President. I believe that is is a good plan. Not only would it balance and integrate the Congress reliance on spending reductions and revenue increases, but it would balance the Federal budget by fiscal year 1985. I will not dwell on that budget proposal. The Senate Budget Committee is the place for its complete discussion. Nevertheless, there is an aspect of that budget plan which is relevant here.

The spending reduction measures of my budget plan include the provision that discretionary spending be capped at fiscal year 1982 levels. I do not propose that every spending account or every agency's total expenditures be identical to fiscal year 1982. I do propose, however, that in making our budget authorizations for fiscal year 1983 we work toward a total authorization package which will result in spending in 1983 in the same totals as in 1982.

With the exception of superfund, construction grants, and buildings and facilities accounts within the Environmental Protection Agency budget, all budget authority under which the agency operates is limited to expenditure in the following year. This means that, with those exceptions, it would be possible to authorize a budget for the Environmental Protection Agency which totals the same as this committee recommended in 1982 and thereby cause spending essentially equivalent to spending in 1982.

Last Tuesday, February 23, 1982, we received testimony from Mrs. Anne Gorsuch, Administrator of the Environmental Protection Agency, and members of her staff regardng the fiscal year 1983 budget proposal. As she testified the "1983 budget for the operating programs and superfund represents a 7 percent reduction in dollars and a 12-percent reduction in permanent workyears." An analysis of specific accounts within that budget reveal a 29.6 percent reduction from 1982 for research and development programs and a 16.5-percent reduction from 1982 in abatement, control, and compliance. These reductions follow substantial reductions in the same accounts in fiscal year 1982.

There are two matters regarding the Environmental Protection Agency Budget about which I am concerned. The first is the assumption that States and local governments will be assuming greater responsibility in the execution and enforcement of environmental programs while the budget proposes that grants to States would be reduced by 20 percent.

Within the State of Washington, where, I am proud to say, the environmental quality is generally good, the Federal support to the State's environmental agency, the Department of Ecology, is proposed to be reduced substantially. The State's responsibilities under the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, and other environmental laws will not decrease, even though the Federal contribution to the performance of those responsibilities would do so.

I have asked the Environmental Protection Agency to analyze the technical support resources available in the proposed EPA 1983 budget for providing assistance to the States in the performance of their regulatory responsibilities. I would like to include that analysis in the record as it is attached to my statement. The total of technical support resources is actually reduced by almost $1 million from 1982, notwithstanding the assumption of greater regulatory responsibility by the States. These totals do not include grants to States which would also be reduced.

The second matter about which I am concerned is the proposed reduction in the research and development budget. The agency has explained that its reductions in this area are accomplishable because the research and development program will be primarily directed at providing the data base for the regulatory decisions which the agency must make, as, for example, the setting of national air quality standards under the Clean Air Act. Research can and should be more than a means by which we justify regulatory acts, though that is a necessary function of research. Research should be the means by which we learn the early information on which tomorrow's laws are based and tomorrow's quality of life is improved. Whenever we fail to do aggressive research, we lessen the opportunity for our children to know the consequences of their actions.

I have had the staff of my subcommittee, which has jurisdiction over the research and development functions of the Environmental Protection Agency, put together an analysis of the changes in environmental research from 1980 to the present. I would like to include that analysis in the record as it is attached to my statement. Some observations from that analysis are irresistable.

Since 1980 the Environmental Protection Agency's share of the total government's budget for research has declined from 1.1 percent to 0.5 percent as proposed for 1983. Meanwhile other agencies which perform environmental research, including NASA, the National Science Foundation, and the National Institutes of Health, have also declined, though not to the same degree. Actual budgets for environmental research and development within the Department of Energy, the National Oceanic and Atmospheric Administration, the Environmental Protection Agency have all declined.

An examination of the witness list which has been prepared for today's hearing suggests that we will hear testimony today which will address my concerns. I look forward to hearing from all of them.

[The attachments to Senator Gorton's statement follow:]

TECHNICAL SUPPORT RESOURCES FOR STATE PROGRAMS

Media and program element [1]	Work-years [2]		Dollars (thousands)	
	1982 [3]	1983 [4]	1982	1983
Air:				
Training	4.0	4.0	$1,223.5	$862.1
Air quality management implementation	61.4	103.5	1,920.5	3,236.4
Stationary source enforcement	34.7	64.3	1,085.1	2,038.3
Ambient air quality monitoring	27.8	33.2	986.9	1,178.6
Water:				
Dredge and fill	3.5	3.2	113.4	102.9
Standards and regulations (RT)	4.9	19.0	190.0	735.5
Standards and regulations (HQ)	15.2	13.9	606.2	552.1
Ambient quality monitoring	38.0	59.9	1,860.4	2,759.6
Great Lakes program	2.3	2.4	214.3	152.4
Permits issuance	20.0	20.8	626.8	653.3
Municipal waste treatment facility construction	209.0	134.0	6,270.0	4,020.0
State programs management	129.0	112.0	20,100.0	20,720.0
Drinking water:				
Criteria, standards guidelines	32.1	26.9	2,381.4	1,991.4

TECHNICAL SUPPORT RESOURCES FOR STATE PROGRAMS—Continued

Media and program element [1]	Work-years [2]		Dollars (thousands)	
	1982 [3]	1983 [4]	1982	1983
Public water systems supervision	84.4	69.5	2,621,5	2,145.5
Drinking water management	38.9	37.0	1,342.4	1,276.8
Hazardous waste:				
Waste management regulation guidelines and policies	25.0	24.0	1,768.0	1,390.0
Hazardous waste management regulatory strategies implementation	166.2	138.3	5,255.0	4,121.0
Hazardous waste enforcement	10.3	5.1	405.3	189.7
Pesticides:				
Pesticides use management	14.9		513.7	
Pesticides enforcement		10.0		350.5
Toxic: Toxics intergration	4.6	2.1	351.6	415.6
Total	926.2	883.1	49,836.0	48,891.7

[1] Resoures presented represent only a portion of the resources contained in these program elements.
[2] Work-years are full-time equivalents and include PFTE and OPFTE.
[3] Estimated from March 1981 budget submission.
[4] Estimated from January 1982 submission.

CONDUCT OF RESEARCH AND DEVELOPMENT, MAJOR DEPARTMENTS AND AGENCIES—OBLIGATIONS

[Dollars in millions]

	1980		1981		1982		1983	
	Actual	Percent	Actual	Percent	Estimate	Percent	Estimate	Percent
Defense—military functions	$13,943	44.0	$16,494	47.1	$20,553	52.9	$24,469	56.9
National Aeronautics and Space Administration	5,084	16.0	5,407	15.4	5,841	15.0	6,513	15.2
Commerce	342	1.1	5,276	15.1	4,793	12.3	4,157	9.7
Energy Research and Technology Administration			(4,948)	(14.1)	(4,522)	(11.6)	(3,917)	(9.1)
Energy	4,754	15.0						
Health and Human Services	3,790	11.9	3,973	11.4	3,972	10.2	4,122	9.6
National Institutes of Health	(3,182)	(10.0)	(3,332)	(9.5)	(3,427)	(8.8)	(3,533)	(8.2)
National Science Foundation	882	2.8	964	2.8	961	2.5	1033	2.4
Agriculture	687	2.2	773	2.2	807	2.1	838	1.9
Interior	411	1.3	424	1.2	397	1.0	371	.9
Transportation	374	1.2	420	1.2	329	.9	366	.9
Environmental Protection Agency	345	1.1	326	.9	317	.8	230	.5
Nuclear Regulatory Commission	190	.6	227	.6	223	.6	220	.5
Agency for International Development	119	.4	156	.4	160	.4	186	.4
Veterans' Administration	133	.4	147	.4	137	.4	145	.3
Education	132	.4	91	.3	74	.2	76	.2
All other [1]	507	1.6	354	1.0	279	.7	272	.6
Total [2]	31,693	100.0	35,033	100.0	38,843	100.0	42,998	100.0

[1] Includes the Departments of Housing and Urban Development, Justice, Labor, Treasury, and State; the Tennessee Valley Authority, the Smithsonian Institution, the Corps of Engineers, the Federal Emergency Management Agency, the U.S. Office of Personnel Management, the Library of Congress, the Consumer Product Safety Commission, the Arms Control and Disarmament Agency, the Federal Communications Commission, the Advisory Committee on Intergovernmental Relations, and the Federal Trade Commission.
[2] May not add due to rounding.

NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES—NATIONAL INSTITUTES OF HEALTH, HHS, ENVIRONMENTAL RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980–83

[In thousands of dollars]

	1980 actual	1981 actual	1982		1983 budget request
			Budget estimate	Current estimate	
Characterization of environmental health hazards	9,432	9,683	10,283	10,552	10,870
Biological response to environmental health hazards	17,026	21,574	24,407	23,152	23,144
Applied toxicological research and testing	9,672	52,643	11,134	52,809	51,442
Biometry and risk estimation	5,124	3,110	3,550	3,429	3,493
Resource and manpower development	16,535	16,108	15,789	16,304	16,236
Intramural research	21,102	31,547	39,407	42,204	46,275
Direct operations	2,538	2,998	2,716	3,033	3,202
Program management	2,208	2,371	2,775	2,775	2,816
Total	83,637	[1] 140,034	110,058	[2] 154,258	157,448

[1] Includes $46,540,000 and $47,988,000 respectively, for the bioassay program funded by the National Cancer Insitute in fiscal year 1981 and 1982. Funds for the program are included in the National Institute of Environmental Health Sciences' fiscal year 1983 budget requests.

DEPARTMENT OF ENERGY—ENVIRONMENTAL RESEARCH AND DEVELOPMENT FISCAL YEARS 1980–83

[In thousands of dollars]

Program activity	1980 actual	1981 actual	1982 current budget estimate	1983 budget request [1]
Biological and environmental research	169,346	165,726	164,990	129,845
Environment, safety and health [2]	55,899	61,576	57,348	38,995
Policy and management		2,014	1,897	417
Program direction [3]	9,085			
Total	235,050	229,316	224,235	169,257

[1] Under the President's proposed reorganization, Department of Energy's research and development activities will be transferred to a newly created Department of Commerce agency, the Energy Research and Technology Administration.

[2] In the 1980 budget, entitled "Overview and Assessment."

[3] In fiscal years 1981 thru 1983, program direction funds included in "Biological and Environmental Research" and "Environmental Safety and Health."

DEPARTMENT OF ENERGY—ENVIRONMENTAL RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980–83

[In thousands of dollars]

Activity/Subactivity	1980 actual	1981 actual	1983 current budget estimate	1983 budget request
Biological and environmental research:				
Operating expenses	151,446	144,526	148,428	118,400
Capital equipment	11,900	11,700	9,700	7,500
Construction	6,000	6,400	4,000	1,000
Program direction [1]		3,100	2,862	2,945
Subtotal	169,346	165,726	164,990	129,845
Environment, safety, and health:				
Operating expenses	53,999	52,016	45,453	32,145
Program direction [1]		7,520	7,895	5,350
Capital equipment	1,900	2,040	4,000	1,500
Subtotal	55,899	61,576	57,348	38,995
Program management subtotal		2,014	1,897	417
Program direction [1] subtotal	9,805			

DEPARTMENT OF ENERGY—ENVIRONMENTAL RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980–83—Continued

[In thousands of dollars]

Activity/Subactivity	1980 actual	1981 actual	1983 current budget estimate	1983 budget request
Total	235,050	229,316	224,235	169,257

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[1] In fiscal year 1980 program direction listed separately whereas in fiscal years 1981 thru 1983 budgets, program direction funding included in funding of other two activities.

DEPARTMENT OF ENERGY—ENVIRONMENTAL RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980–83

[In thousands of dollars]

Subactivity/program element	1980 actual	1981 actual	1983 current budget estimate	1983 budget request
Biological and environment research operating expenses:				
Human health research			26,199	25,800
Health effects research in biological systems			46,539	37,600
Environmental research			28,676	23,100
Physical and technological research			31,007	23,900
Carbon dioxide research			12,024	8,000
Health and environmental risk analysis			3,983	
Subtotal—Operating expenses [1]	151,446	144,526	148,428	118,400
Environment, safety and health [2] operating expenses:				
Safety programs:				
Nuclear safety		5,232	5,985	10,375
Quality assurance and standards		521	570	1,725
Operation safety		21,749	25,648	16,545
Subtotal—Safety programs		27,502	32,203	28,645
Environmental programs:				
Environmental analysis		21,194	10,250	2,000
Environmental compliance		3,320	3,000	1,500
Subtotal—Environmental programs		24,514	13,250	3,500
Subtotal—Operating expenses [1]	53,999	52,016	45,453	32,145

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[1] Individual operating expenses not available for 1980 and only partially available for 1981.

[2] In 1980 budget, entitled "Overview and Assessment."

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget request
		Budget estimate	Actual	Budget estimate	Current estimate	
Resource observations	150,953	170,300	151,350	165,400	[1] 146,400	132,200
Environmental observations	105,990	109,600	104,100	135,300	[1] 116,500	128,900
Applications systems	24,567	18,100	18,100	14,200	[1] 13,200	11,700
Technology trasnfer	10,087	7,500	8,100		[1,2] 5,000	
Materials processing in space	19,768	22,200	18,700	27,700	[1] 23,800	23,600
Communication and information systems	20,255	29,000	31,200	30,300	[1] 20,900	19,900
Technology utilization	11,980	12,100	8,800	4,600	[3] 8,000	4,000

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS—Continued

	1980 actual	1981		1982		1983 budget request
		Budget estimate	Actual	Budget estimate	Current estimate	
Research and program management	116,856	126,000	119,516	124,210	124,210	136,040
Total	460,456	494,800	459,866	501,710	458,010	456,340

[1] The fiscal year 1982 current estimate is a net decrease of $47.1 million from the budget estimate, which results from specific adjustments made to the program by the Congress, plus a portion of the general reduction in the appropriation. Generally, reductions have been applied to all program areas in keeping with the desire to maintain program balance. (Source: NASA Budget Justification, fiscal year 1983, p. RD 7-6.)

[2] See notes, technology transfer schedule.

[3] See note, technology utilization schedule.

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, RESOURCE OBSERVATIONS

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	Actual	Budget estimate	Current estimate	
Earth Resources Technology Satellite (Landsat–D):						
Spacecraft systems and sensors	83,413	60,000	72,000	44,400	44,400	19,800
Ground system	20,900	34,300	15,100	27,600	27,600	28,300
Ground operations				8,500	8,500	10,400
Investigations	100		1,200	3,400	3,400	3,200
Subtotal	104,413	94,000	88,500	83,900	83,900	61,700
Magnetic Field Satellite	1,600	500	500			
Extended mission operations:						
Heat capacity mapping mission	600	300	525			
Landsat –2 and –3	1,304	2,400	1,990	2,575	2,575	1,700
Magnetic Field Satellite			185	225	225	100
Subtotal	1,904	2,700	2,700	2,800	2,800	1,800
Shuttle-Spacelab payload development:						
Orbital flight test payload development	854	800	1,715	1,600	1,600	1,500
Large format camera	1,177	1,200	285	400	1,700	1,300
Subtotal	2,031	2,000	2,000	2,000	3,300	2,800
Agriculture and resources inventory surveys through aerospace remote sensing (Agristars):						
Technique development (formerly foreign commodity production forecasting)	6,800	13,200	7,400	6,000	1,700	2,800
Supporting research	7,000	13,800	8,750	11,100	7,400	7,400
Early warning, soil moisture, domestic crop and land use, conservation, pollution, and renewable resources	2,200	6,200	5,300	6,000	4,900	4,800
Subtotal	16,000	33,200	21,450	23,100	14,000	15,000
Applied research and data analysis (resource applications):						
Renewable resources	5,500	4,100	2,850	4,400	3,700	6,000
Nonrenewable resources	3,300	3,900	3,300	5,000	4,300	6,600
Technique tests (formerly application pilot tests)	1,160	1,400	1,050	1,500	1,300	1,100
Operational earth resources system definition	1,100	1,800	600	2,000		
Multispectral linear array advanced technology development			4,300	8,000	8,700	11,000
Advanced studies	1,345	1,600	700	1,800	1,500	
Subtotal	12,405	12,800	12,800	22,700	19,500	24,700

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, RESOURCE OBSERVATIONS—Continued

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	Actual	Budget estimate	Current estimate	
Geodynamics:						
Crustal dynamics project	9,600	12,600	11,570	16,300	14,000	16,500
Laser network operations	[1] (8,400)	9,000	8,630	12,400	6,900	7,000
Research and technique development	3,000	3,200	3,200	2,200	2,000	2,700
Subtotal	12,600	24,800	23,400	30,900	22,900	26,200
Total (resource observations)	150,953	170,300	151,350	165,400	146,400	132,200

[1] Funding responsibility transferred from space tracking and data systems to space applications in fiscal year 1981; fiscal year 1980 funding not included in totals.

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, ENVIRONMENTAL OBSERVATIONS

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	Actual	Budget estimate	Current estimate	
Upper atmospheric research program:						
Research support	10,900	12,400	12,400	13,700	11,700	14,900
Upper atmospheric research balloon program	1,000	1,100	1,000	1,300	1,300	1,600
Spacelab payload definition	500					
Subtotal	12,400	13,500	13,500	15,000	13,000	16,500
Applied research and data analysis:						
Stratospheric air quality	3,980	5,000	4,800	6,200	4,400	6,000
Tropospheric air quality	4,260	4,600	4,400	5,900	3,200	5,200
Global weather (including GARP)	10,340	11,100	10,500	13,100	10,000	12,500
Severe storms	5,100	5,400	5,565	7,400	6,600	7,000
Ocean processes	14,605	15,200	14,,780	16,600	17,000	17,000
Climate	7,975	8,600	8,055	7,300	5,800	7,000
National oceanic satellite system (NOSS) definition	2,310					
Subtotal	48,570	49,900	48,100	56,500	47,000	54,700
Shuttle/Spacelab payload development (environmental observations):						
Measurement of air pollution from satellites (maps)	450	100	110	300	450	300
Atmospheric trace molecules observed by spectroscopy (atmos)	4,700	600	683	1,900	1,900	2,100
Atmospheric cloud physics laboratory (ACPL)	3,030	700	700			
Principal investigator instrument development and reflight program	1,420	300	207	1,900	1,750	1,300
Subtotal	9,600	1,700	1,700	4,100	4,100	3,700
Operational satellite improvement program (OSIP):						
Research and development for improvement for operational satellite systems	7,400	9,200	7,200	11,800	6,000	6,000
Earth radiation budget experiment:						
Spacecraft	5,820	4,700	9,200	17,000	13,300	15,100
Sensors	6,600	11,800	9,400	4,100	8,200	4,900
Mission operations and data analysis	1,300	500	1,700	2,900	2,500	4,000
Subtotal	13,720	17,000	20,300	24,000	24,000	24,000

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, ENVIRONMENTAL OBSERVATIONS—Continued

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	Actual	Budget estimate	Current estimate	
Halogen occulation experiment: Sensor development	8,000	4,500	4,500	7,500	5,000	
Extended mission operations (environmental observations):						
Operations for the extended mission of: Nimbus -5, -6, and 7	5,200	7,500	6,683	8,400	8,400	8,200
Stratospheric aerosol and gas experiment (SAGE)	600	500	500	1,000	1,000	600
Solar mesophere explorer (SME)			817	2,000	2,000	1,200
Subtotal	5,800	8,000	8,000	11,400	11,400	10,000
National Oceanic Satellite System (NOSS):						
Spacecraft		2,000				
Instrument development		3,200				
Supporting activities		600				
Subtotal		5,800	[1] 800			
Nimbus -7	500					
Upper Atmosphere Research Satellite experiments and mission definition				5,000	6,000	14,000
Total (environmental observations)	105,990	109,600	104,100	135,300	116,500	128,900

[1] Detail not provided.

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, APPLICATIONS SYSTEMS

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	Actual	Budget estimate	Current estimate	
Airborne instrumentation research program	$15,567	18,100	18,100	14,200	13,200	11,700
Shuttle/Spacelab mission design and integration [1]	7,300					
NASA integrated payload planning [1]	1,700					
Total (applications systems)	24,567	18,000	18,100	14,200	13,200	11,700

[1] Funding responsibility for fiscal year 1981 and subsequent years has been transferrd from space applications to space science.

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, TECHNOLOGY TRANSFER

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	actual	Budget estimate	Current estimate	
User requirements and supporting activities	4,732	5,100	5,000		3,000	
Applications system verification and test	1,700	600	700			
Regional remote sensing applications	3,655	1,800	2,400		2,000	
Total (technology transfer)	10,087	7,500	8,100	[1]	[2] 5,000	[3]

[1] Technology transfer activities will be phased out in 1982, and technology utilization programs will be phased down, moving toward a phase-out. This is consistent with the decision that these activities are more appropriately provided by the private sector. Source: Federal R. & D. Funding by Budget Function, fiscal years 1980–82, June 1981 (p. 17), Division of Science Resources Studies, National Science Foundation.

[2] Changes from fiscal year 1982 budget estimate: The Technology Transfer fiscal year 1982 of $5 million is in response to congressional interest. These funds will be used to more systematically transition these efforts to the private sector. Source: NASA Budget Justification, fiscal year 1983, p. RD 7-52.

[3] Basis of fiscal year 1983 estimate: No funds are being requested for fiscal year 1983 in accordance with the decision that these efforts be transferred to the private sector. Source: NASA Budget Justification, fiscal year 1983, p. RD 7-53.

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, MATERIALS PROCESSING IN SPACE

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	Actual	Budget estimate	Current estimate	
Applied research and data analysis (materials processing):						
Ground-based investigations, analysis, and studies	7,200	11,700	9,233	14,000	12,000	13,100
Shuttle/Spacelab payload development (materials processing):						
Payload development	9,935	8,100	8,157	7,600	8,800	3,300
Experiment operations	533	2,400	1,310	(1)	(1)	(1)
Subtotal	10,468	10,500	9,467	7,600	8,800	3,300
Materials experiment operations	(2)	(2)	(2)	6,100	3,000	7,200
Space processing applications rocket (SPAR) project	2,100					
Total (materials processing in space)	19,768	22,200	18,700	27,700	23,800	23,600

[1] Included under materials experiment operations.

[2] Included under Shuttle/Spacelab payload development (materials processing)—experiment operations.

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, COMMUNICATIONS AND INFORMATION SYSTEMS

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	Actual	Budget estimate	Current estimate	
Applied research and data analysis (communications):						
Wideband 30/20 GHz definition	1,024	1,200				
Advanced communications research	5,176	5,400				
Advanced technology development		10,000				
Subtotal	6,200	16,600	[1] 16,000	[1] 15,400	[1] 10,000	[1] 5,100
Search and rescue	2,530	2,300	4,800	1,300	2,300	3,700
Technical consultation and support studies	3,182	3,200	3,145	2,600	2,600	2,600
Experiment coordination and operations support:						
Experiment coordination and operations support	2,398	1,400				
Applications pilot test	1,185	900				
Subtotal	3,583	2,300	[1] 2,155	[1] 1,000	[1] 1,000	[1] 1,000
Information systems (formerly data systems program):						
Applications of advanced technology (formerly applications data service definition)	2,245	3,000	450	2,950	1,600	1,300
Data management	855	1,600	1,510	3,350	1,300	3,225
Distributed data systems (formerly data systems program)			2,540	3,700	2,100	2,975
Subtotal	3,100	4,600	4,500	10,000	5,000	7,500
Adaptive multibeam phased array	1,660					
Total (communication and information systems)	20,255	29,000	31,200	30,300	20,900	19,900

[1] Single line item in fiscal year 1983 budget justification.

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, TECHNOLOGY UTILIZATION PROGRAMS

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	Actual	Budget estimate	Current estimate	
Technology dissemination	3,000	4,100	2,594	1,500	5,700	3,200
Technology applications	4,400	3,800	3,858	2,100	2,300	800
Program evaluation and support	1,480	1,600	1,148			
Civil systems	2,400	2,600	1,200	1,000		
Total (technology utilization programs)[1]	11,980	12,100	8,800	4,600	8,000	4,000

[1] The increase of $3.4 in fiscal year 1982 over the budget estimate is the result of direction by the Congress in approving the appropriation for 1982. These additional funds are being used to enhance technology dissemination efforts and to increase efforts to encourage commercialization of aerospace applications by United States industry.

Source; NASA Budget Justification, fiscal year 1983 (p. RD 8–4).

NASA—RESEARCH AND DEVELOPMENT, SPACE AND TERRESTRIAL APPLICATIONS, RESEARCH AND PROGRAM MANAGEMENT

[In thousands of dollars]

	1980 actual	1981		1982		1983 budget estimate
		Budget estimate	Actual	Budget estimate	Current estimate	
Research and program management	118,856	126,000	119,516	124,210	124,210	136,040

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980–83

[In thousands of dollars]

	1980 actual	1981 actual	1982 current budget estimate	1983 budget request
PROGRAM ACTIVITY				
Marine ecosystems analysis and ocean dumping	17,221	17,355	18,172	11,613
Marine technology	15,259	18,633	19,332	13,586
Sea grants	38,723	41,767	35,000	1,753
Basic environmental services	137,046	154,529	162,461	167,537
Earth satellite service	92,632	87,216	124,799	137,943
Public forecast and warning services	88,811	92,716	99,635	108,408
Specialized environmental services	42,365	43,831	45,020	40,885
Global monitoring of climatic changes	4,193	4,120	4,273	4,333
Weather modification	8,505	8,802	9,771	4,059
International projects	8,787	8,945	8,978	3,172
Environmental data and information services	24,629	24,540	25,180	24,328
Ocean fisheries and living marine resources	114,805	125,524	125,335	96,288
Mapping, charting, and surveying services	48,050	51,454	52,549	53,499
Executive direction and administration	35,113	38,096	39,829	37,604
Total	676,139	717,528	770,334	705,008
ACTIVITY/SUB ACTIVITY				
Marine ecosystems analysis and ocean dumping:				
Marine ecosystems investigations	16,688	16,823	16,251	9,421
Ocean minerals and energy	533	532	1,921	2,192
Subtotal	17,221	17,355	18,172	11,613

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980–83—Continued

[In thousands of dollars]

	1980 actual	1981 actual	1982 current budget estimate	1983 budget request
Marine technology:				
Oceanographic technology and engineering services	13,999	15,939	15,943	13,586
NOAA undersea research	1,260	2,694	3,389	
Subtotal	15,259	18,633	19,332	13,586
Sea grants (subtotal)	38,723	41,767	35,000	1,753
Basic environmental services:				
Basic observations	66,581	78,605	79,052	79,240
Basic communications	11,144	11,481	12,263	16,787
Basic weather analysis and predictions	27,550	28,781	33,768	34,431
Maintenance and repair	31,771	35,662	37,378	37,079
Subtotal	137,046	154,529	162,461	167,537
Earth satellite services:				
Weather satellite services	91,632	85,988	123,699	136,543
Land satellite services	1,000	1,228	1,100	1,400
Subtotal	[1] 92,632	87,216	124,799	137,943
Public forecast and warning services:				
Public weather services	50,770	51,537	58,395	64,764
Marine prediction services	8,600	11,066	11,200	11,435
Hurricane and tornado warning services	13,724	14,814	14,660	15,967
River and flood forecast and warning services	15,717	15,299	15,380	16,242
Subtotal	88,811	92,716	99,635	108,408
Specialized environmental services:				
Air pollution and fire weather services	3,647	3,694	5,299	5,011
Agricultural weather services	4,676	4,755	4,571	3,518
Aviation weather services	26,507	26,564	26,721	26,700
Upper atmosphere and space services	7,535	8,818	8,429	5,656
Subtotal	42,365	43,831	45,020	40,885
Global monitoring of climatic changes: Air quality observations and analysis (subtotal)	4,193	4,120	4,273	4,333
Weather modification: Modification of severe and convective storms (subtotal)	8,505	8,802	9,771	4,059
International projects:				
Global atmospheric research program	5,466	5,469	5,334	3,172
Great Lakes research	3,321	3,476	3,644	
Subtotal	8,787	8,945	8,978	3,172
Environmental data and information services: Environmental data and information services (subtotal)	24,629	24,540	25,180	24,328
Ocean fisheries and marine resources:				
Marine resources monitoring, assessment, and prediction	27,336	33,102	32,895	29,973
Conserving marine resources	26,291	29,943	29,600	25,343
Restoring and increasing fishery resources	20,353	22,280	20,528	6,997
Managing and using fishery resources	40,442	39,826	41,932	33,571
Fisheries financial support services	383	373	380	404
Subtotal	114,805	125,524	125,335	96,288

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980–83—Continued

[In thousands of dollars]

	1980 actual	1981 actual	1982 current budget estimate	1983 budget request
Mapping, charting, and surveying services:				
Aeronautical chart services	6,981	8,471	7,939	7,932
Nautical chart services	13,594	14,147	14,902	15,603
Ocean and coastal mapping, investigations, and services	13,684	14,722	14,704	15,473
Geodetic surveys and services	13,791	14,114	15,004	14,491
Subtotal	48,050	51,454	52,549	53,499
Executive direction and administration (subtotal)	35,113	38,096	39,829	37,604
Total	676,139	717,528	770,334	705,008

[1] Included as "environmental satellite services" in fiscal year 1980 budget.

ENVIRONMENTAL PROTECTION AGENCY, RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980–83

[In thousands of dollars]

Media decision unit	1980 actual	1981 actual	1982		1983 budget request
			Budget estimate	Current estimate	
Air:					
Oxidants nonenergy	17,486.1	13,701.9	18,076.0	15,201.6	11,458.8
Hazardous pollutants nonenergy	10,889.7	9,899.0	10,768.0	9,373.6	7,994.4
Mobile sources nonenergy	8,247.8	6,945.9	6,253.2	5,595.6	4,476.5
Gas and particles nonenergy	31,756.8	28,539.0	29,332.4	25,560.9	23,255.3
Total	68,380.4	59,085.8	64,429.6	55,731.7	47,185.0
Water quality:					
Water quality nonenergy	30,138.4	25,229.4	18,055.9	19,142.7	11,043.3
Municipal wastewater	21,020.5	14,738.0	19,384.9	16,568.4	11,631.8
Industrial wastewater	16,146.0	9,940.8	10,597.9	9,378.6	5,035.0
Total	67,304,9	49,908.2	48,038.7	45,089.7	27,710.1
Drinking water: Drinking water nonenergy	23,017.7	21,851.4	29,712.7	28,353.5	22,905.5
Hazardous waste: Hazardous waste nonenergy	13,113.2	28,301.3	31,046.0	29,488.3	29,579.2
Pesticides: Pesticides nonenergy	12,931.2	7,898.9	6,875.5	5,581.4	6,468.8
Radiation: Nonionizing radiation nonenergy	2,919.1	2,376.6	2,982.4	2,545.2	1,586.4
Noise					
Interdisciplinary: Intermedia nonenergy	7,677.8	5,974.1	6,484.3	5,703.6	4,212.7
Toxic substances:					
Chemical testing and assessment nonenergy	30,906.8	30,048.2	38,007.6	31,175.9	26,648.8
Monitoring and technical support		250.0			
Total	30,906.8	30,298.2	38,007.6	31,175.9	26,648.8
Energy:					
Multimedia energy	31,222.3	32,775.7	28,527.9	25,177.5	24,533.0
Oxidants energy	14,438.4	10,130.4	13,314.5	10,545.3	1,377.8
Gases and particles energy	24,787.2	16,504.2	16,849.9	12,027.4	8,619.4
Hazardous air pollutants energy	6,304.7	4,173.2	10,090.9		
Water quality energy	10,981.5	9,919.4	5,725.7	3,259.1	
Drinking water energy	2,583.2	1,954.2			
Industrial wastewater energy	3,988.3	2,434.3	3,037.0	896.8	
Solid waste energy	1,625.1	844.2			
Chemical testing and assessment energy	6,822.0	4,792.6			

ENVIRONMENTAL PROTECTION AGENCY, RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980-83—Continued

[In thousands of dollars]

Media decision unit	1980 actual	1981 actual	1982		1983 budget request
			Budget estimate	Current estimate	
Municipal spills energy	657.8	573.5	600.0	586.2	
Total	103,410.5	84,101.7	70,145.9	52,492.3	34,530.2
Program management	4,703.1	3,830.1	3,818.4	3,642.8	4,011.5
Program support	4,820.8	4,535.8	4,693.8	4,239.7	4,710.4
Superfund: Hazardous substances nonenergy		4,740.5	15,460.0	13,877.1	6,336.0
Grand total	339,185.5	302,902.6	321,694.9	277,921.2	215,884.6

ENVIRONMENTAL PROTECTION AGENCY, RESEARCH AND DEVELOPMENT, FISCAL YEARS 1980-83

[In thousands of dollars]

Media	1980 actual	1981 actual	1982		1983 budget request
			Budget estimate	Current estimate	
Air	68,380.4	59,085.8	64,429.6	55,731.7	47,185.0
Water quality	67,304.9	49,908.2	48,038.7	45,089.7	27,710.1
Drinking water	23,017.7	21,851.4	29,712.7	28,353.5	22,905.5
Hazardous waste	13,113.2	28,301.3	31,046.0	29,488.3	29,579.2
Pesticides	12,931.2	7,898.9	6,875.5	5,581.4	6,468.8
Radiation	2,919.1	2,376.6	2,982.4	2,545.2	1,586.4
Noise					
Interdisciplinary	7,677.8	5,974.1	6,484.3	5,703.6	4,212.7
Toxic substances	30,906.8	30,298.2	38,007.6	31,175.9	26,648.8
Energy	103,410.5	84,101.7	70,145.9	52,492.3	34,530.2
Program management	4,703.1	3,830.1	3,818.4	3,642.8	4,011.5
Program support	4,820.8	4,535.8	4,693.8	4,239.7	4,710.4
Superfund		4,740.5	15,460.0	13,877.1	6,336.0
Total	339,185.5	302,902.6	321,694.9	277,921.2	215,884.6

Senator STAFFORD. We have with us today representatives from States and localities as well as representatives of the environmental research community and of environmental groups. I hope their testimony will address our concerns.

We would ask witnesses, if they would, to please not take over 10 minutes. In each case witnesses' full statements will appear in the record.

We will start with the Honorable Richard Waggener, mayor, Green River, Wyo., and Mr. Francis Duehay, councilman, Cambridge, Mass.

Gentlemen, if you would come to the witness stand.

Mr. Mayor, I am sure that one of our most valued members, Alan Simpson, would want us to extend a welcome to you on his behalf and I am sure that if he isn't here it is for some very compelling reason of his own since he is chairman of another committee, as well as a member of this committee. But welcome.

We will allow you gentlemen to decide the order of your appearance.

STATEMENT OF HON. RICHARD WAGGENER, MAYOR, GREEN RIVER, WYO.

Mayor **Waggener**. Thank you, Senator Stafford, and Senator Gorton.

My name is Richard Waggener, mayor of Green River, Wyo., and chairman of the National League of Cities' Environment, Energy, and Natural Resources Committee.

With me today is council member Francis Duehay of Cambridge, Mass., also a member of the steering committee. As you know, NLC represents about 15,000 cities across the country, directly and indirectly through membership in State municipal leagues. Our 1,000 direct member cities are as diverse in size and character as New York City and Sun Valley, Idaho.

Before I begin, I want to thank this committee, on behalf of NLC, for its prompt consideration last year of reforms to the wastewater construction grant program. The programs is extremely important to cities. As a result of your initiative, we expect an appropriation any day for this vital program.

We appreciate the opportunity to testify before you today on the fiscal year 1983 budget for the Environmental Protection Agency. As you know, our Nation faces major environmental problems.

The Clean Air Act and the Clean Water Act have resulted in significant improvements in our air and water quality. Yet we have still not achieved the pollution abatement and prevention levels that are necessary.

We have not really begun to address the problems associated with hazardous and nuclear wastes. We do not even know how many unsafe facilities exist; nor are we moving quickly enough to contain the damage that has already occurred.

America's urban areas face an immediate disposal crisis for nonhazardous wastes. Half of our cities are running out of landfill capacity. In San Francisco, there is not a disposal site left within the city. Hundreds of new chemicals are introduced into the market each year. Our knowledge of their potential environmental and public health consequences is limited. Expanding industrial activity has resulted in the discharge of a wide variety of synthetic chemicals into the rivers from which a large number of cities draw their drinking water. There is increasing evidence of organic contaminants, viruses, and other disease-causing organisms in our Nation's public water supplies.

With these serious problems in mind, I would first like to discuss the potential effect of the cuts on the State and local grants which Congress has authorized to implement the major environmental laws. I will then address the budget's priorities reflected in proposed funding levels.

The Congress is to be commended for enacting the major environmental laws for the protection and preservation of a safe environment. Full funding and implementation of these laws would doubtless result in major improvements in environmental quality. However, because of our severe budget problems, we are not even close to providing the funds necessary for planning, implementation, enforcement, research, and emergency response.

Recognizing the limited ability of States and local governments to implement the pollution control laws, the Congress authorized State and local grants for air quality, water quality, safe drinking water, hazardous and solid wastes, pesticides, and toxic substances.

The fiscal year 1983 budget proposes a 22-percent reduction in these grants, on top of the elimination last year of grants for solid waste planning, the open dump inventory, and urban resource recovery.

With their own severe budget problems, it is obvious that States cannnot and will not provide additional funds to replace these lost Federal funds. Even before the cuts this year, Idaho had returned its air program and Iowa its drinking water program to the EPA for administration because they could not afford to fund the required local match.

Rather than speculate on the effects of a 22-percent reduction on specific States—each of you can check with your own State—I will discuss a few examples of what has already occurred.

Due to statewide budget cuts, the Iowa Department of Environmental Quality dropped the State drinking water program on July 1, 1981.

Under the requirements of the act, EPA's Kansas City office assumed responsibility for carrying out the act's mandates. Specifically, monitoring test results of public water supplies to determine compliance with the maximum contaminant levels set forth in the safe drinking water regulations. The State program also included, however, routine surveillance by field staff in any Iowa city requesting assistance, review of plans and issuance of construction permits before treatment and system expansions, and technical assistance to water suppliers throughout Iowa. Unfortunately, the program to be carried out by EPA does not include these activities and, consequently, the number of inspections of public water supply facilities has been greatly reduced.

The smallest Iowa cities are hardest hit by these changes, since smaller communities usually lack a full-time water supply staff.

Water superintendents throughout the State have expressed great concern over the potential effects on Iowa's water systems.

When grants to the States for solid waste planning were eliminated last year, no State plan had been approved by EPA, and the open dump inventory mandated by RCRA was not complete. According to the GAO, the open dump inventory, finally published by EPA in May 1981, is incomplete and will not fulfill the purpose for which it was intended by Congress. The published inventory listed only 1,209 open dumps in the Nation. States are aware of thousands of other open dumps—it is estimated that Louisiana alone has over 1700—but without Federal funding it is unlikely that States will continue to update the list.

Furthermore, EPA staff capability in this area is being phased down.

Although 38 States have now submitted solid waste plans to EPA for approval, as of a week ago, only eight plans had been approved.

Even if EPA continues to review these plans, surveys show that States will likely be unable to implement them. The elimination of grant funds occurred 3 years earlier than originally expected.

User fees, which could provide an alternative funding source for State programs, are not in place in most States. Many State agencies are expressly prohibited by State statute from charging fees, and the resistance from disposer groups required to pay fees will be politically difficult to overcome. In the meantime, there will be new open dumps and existing ones will not be closed or upgraded.

The administration is attempting to return even greater responsibility for environmental management to the States, while proposing significant budget cuts. Yet State and Federal enforcement efforts are already weak and are unlikely to catch up to the need even with significant increases in funding. Most of the grant money has been used to merely assess problems and develop necessary plans. Major cuts cannot be imposed without significant environmental effects.

The average citizen is becoming increasingly aware of environmental problems.

The news media is covering more of the approximately 4,000 hazardous waste spills that occur each year. Disastrous hazardous waste sites are affecting people throughout the country, and there is increasing resistance to the siting of safe solid and hazardous waste facilities.

As elected officials, we have the responsibility of addressing these problems. Citizens look to us to assure a safe environment. Yet in fiscal year 1983, every item in the EPA budget has been cut, except superfund, a major retrenchment from fiscal year 1981 levels.

Even in the superfund program, although the superfund budget has been increased by $40 million, the fund will take in more in taxes on the chemical industry than it will spend in 1983. How can we justify spending so much less than is specifically available?

According to EPA, the superfund and hazardous waste programs remain major agency priorities. However, the accomplishments to date under these programs provide little assurance that mere maintenance of the fiscal year 1982 funding levels will be sufficient.

The Resource Conservation and Recovery Act requires that any person or company owning or operating a facility where hazardous waste is treated, stored, or disposed of, must obtain a permit.

When the law was enacted in 1976, EPA was directed to develop regulations for the permittting and management of hazardous waste facilities within 18 months. After much delay, EPA finally issued interim status regulations on May 19, 1980, 2 years late.

These interim status regulations are largely administrative and do not require the kinds of technical, design, construction, and operating standards needed for health and evironment protection.

The substantive operating requirements are to be included in the final general permitting regulations. EPA estimates that, based on current funding and staffing levels, it may take up to 8 years to develop all of the needed regulations and issue final hazardous waste facility permits. In the meantime, EPA and State monitoring and enforcement efforts for facilities with interim status have been limited and primarily focused on administrative requirements.

According to a GAO study, applicants for interim status routinely obtain it, merely by application. GAO also found that facilities which handle small amounts of hazardous waste were not required by EPA to obtain interim status and the EPA does not know whether all facilities subject to interim status have been identified.

The GAO recommended that because of the seriousness of the hazardous waste problems facing the country, EPA should determine the additional funding and staffing needed to address these concerns, and provide the needed information to Congress.

We strongly urge you to approve this recommendation.

We are also concerned about the abrupt elimination of Federal involvement in certain areas without any transition. For example, the urban resource recovery program was eliminated in fiscal year 1982.

There were 63 cooperative agreements with cities to assist in planning waste-to-energy or source separation projects. Many of the projects will not be completed and the experience gained will thus not be available. These projects are still considered risky ventures and are difficult for local officials to undertake on their own.

We also realize that the underwriting of risk can distort the private marketplace. At a minimum, information clearinghouses could be established. They require only a small amount of money, and cities have found them useful in their areas.

EPA is now setting up a small business ombudsman and hotline to alleviate problems associated with existing environmental regulations. Similar efforts are needed for States and local governments when Federal activity is being phased out.

There is one major environmental issue in the budget which we feel should be addressed this morning even though it is not directly under this committee's jurisdiction or that of EPA, but one, nevertheless, of great concern: Reduced Federal funding for highway safety, including regulation, enforcement, protection, training, and cleanup of hazardous and nuclear materials.

Despite considerable discussion of federalism and turning over greater control of programs to States and local governments, this has been an area where the administration has supported preemption of traditional State and local resonsibilities, while at the same time severely reducing existing Federal funds to accommodate this assumption of an increased Federal role.

Thus, we have seen support for preempting State laws on truck sizes and weights, for preempting State and local laws and regulations on the transportation of hazardous materials, and for overriding local regulations with regard to the shipment of radioactive waste.

Yet at the same time that cities' abilities to protect the health and safety of their citizens was being challenged, the administration has proposed to eliminate funding for highway safety programs and to reduce funding for such basic infrastructure needs as highways and bridges—highway deterioration is greatly aggravated by larger vehicles—and to make deep cuts in DOT's hazardous materials program.

These reductions, at a time of increasing shipments of hazardous materials, will adversely affect training, regulation, education, and enforcement of programs to protect against accidents to the environment and to human lives. They will leave cities' residents less protected than ever before.

Before closing, I want to commend EPA for some recent actions. Its efforts to simplify the construction grant regulations, as well as to implement the new amendments, have been excellent. The views of all concerned have been carefully considered and the performance of the EPA staff has been invaluable.

EPA has justified many budget cuts by pointing to the reduced costs associated with the administration's regulatory reform efforts.

NLC appreciates the thrust toward greater State and local flexibility to implement programs. We feel, however, that any funds saved would be best put into the hazardous waste program or into needed technical assistance and research in sludge disposal, acid rain, ocean dumping, and toxics. Greater understanding of these problems will facilitate economic expansion in the pollution control industry. We cannot afford continuing delays in developing needed technology.

In summary, then, we applaud the regulatory reform, especially those in waste water construction grant programs.

We appreciate the $2.4 billion funding level in waste water. However, improvements are still needed in reform and we have not achieved pollution abatement and prevention levels necessary. The problems associated with hazardous wastes and nuclear wastes must be addressed.

We urge you not to cut programs faster than States can pick up the slack such as happened in solid waste planning. Funding must continue for waste water plant construction. Your concern for acid rain budgeted at $22 million will help define this national problem but funding is also needed for other programs, including the proper handling of solids and toxics.

We would like to thank you and would be happy to answer any questions.

Senator **Stafford**. Thank you very much.

We note for the record that you are speaking on behalf of the National League of Cities and we very much appreciate your excellent statement.

Before we go to questions, if that is agreeable with Senator Gorton, we will complete the panel.

We will ask Mr. Duehay, who I believe is the city councilman from Cambridge, Mass., also speaking for the National League of Cities—currently I am informed the mayor of Cambridge.

STATEMENT OF FRANCIS DUEHAY, COUNCILMAN, CAMBRIDGE, MASS.

Mr. **Duehay**. Former mayor.

Senator **Stafford**. You survived having Harvard in your midst, I gather.

Mr. **Duehay**. I joined it.

Senator **Stafford**. You are speaking as a member of the Committee on Environment, Energy, and Natural Resources, of the National League of Cities as well as yourself.

We are very glad you are here. Welcome.

Mr. **Duehay**. Thank you, sir.

Mr. Chairman and members of the committee, my name is Francis H. Duehay, city councilor, Cambridge, Mass., and member of the National League of Cities' Committee on Environment, Energy, and Natural Resources. I have just been elected to my 10th 2-year terms as a local official and am the immediate past mayor of Cambridge, which carries with it the duty of chairing both the city council and the school board. I am also a fellow at the Institute of Politics, John F. Kennedy School of Government, Harvard University.

Since Mayor Waggener has reported the official position of our 15,000 member communities, my testimony will concern itself primarily with the capacity of State and local governments to assume the added responsiblities implicit in the fiscal year 1983 EPA budget, should it be enacted.

In Massachusetts, the executive department of environmental affairs has budgeted 527 employees for fiscal year 1982. Of that number, 313 are State funded positions and 214 are paid by the various Federal grant programs. The fiscal year 1983 State budget, presented on Tuesday to the legislature, contained 497 positions, an overall reduction of 30. Federally funded positions will be reduced by 39 to a total of 175, a reduction of 19 percent; State funded positions are projected to rise by 9 to 322.

What do these reductions mean? First, the eight federally funded employees working on the comprehensive water planning program will be eliminated—the 208 program.

One of the projects these employees are working on is a comprehensive State strategy to protect ground water. In Cambridge, we have recently discovered that the salt level in our reservoirs located in the suburbs is too high due to the runoff from nearby highways.

The State capacity to deal with problems like these has been eliminated. In the past this division also provided the technical assistance necessary so that local town planning boards on the cape, working with the association for Cape Cod, could draft ordinances dealing with the underground storage of oil and gas seeping into precious water supplies.

Another program these employees are working on which will now get insufficient attention is septage management. Many haulers of sewage, since they are not near enough to good treatment plants, dump illegally in fields, contaminating large open areas and creating a public health hazard. This division of employees has surveyed the problem statewide and has developed strategies for proper lagooning.

The Massachusetts coastline is one of its most priceless assets, and I need not remind this committee of the fear which grips New Englanders concerning the danger to the shore and to the fishing industry which would result if a major blowout occurs at George's Bank.

In 1983, Massachusetts will lose all of the 13 people working out of the secretary's office whose responsibility it now is to administer the coastal zone management program.

These employees work mainly with local conservation commissions to protect the wetlands and barrier beaches; they are especially important in providing the technical assistance when appeals of local decisions are made to the State. I might add that they are especially competent in balancing development and environmental interests.

In the waste water construction grant program, new section 205J would allow next year each State to use an additional 1 percent—beyond the 4 percent allowed under section 205G—for other activities in connection with the program's operation. If this provision is fully funded, Massachusetts will be able to survive without layoffs in this program.

In the hazardous waste area, 3 employees—out of 13 from Federal funds—will be lost, causing some slowdown in inspections of those who use and store hazardous waste. It is estimated that some 3,000 to 5,000 licenses will ultimately be required.

Twenty federally funded positions will be lost in the air quality area. One activity which will suffer is the licensing of businesses which are seeking to burn organic solvents, which, under certain circumstances, is environmentally acceptable.

I can attest that the monitoring and enforcement capability for air quality is already marginal in Massachusetts; this cut, even though five of the nine new State positions will occur in this area, is intolerable.

The water supply program will lose four to six of its small staff due to the Federal cutbacks proposed. That program has already increasingly become a crisis-oriented program.

Rather than helping local government establish proper preventative programs, this department has had to deal with problems of regional drought, wells shut down through organic contamination, and asbestos lining in pipes.

In short, just as many of the Federal programs, after years of effort, are beginning to bear fruit, just as the survey and planning stages have begun to be turned into strategies of implementation and action, Federal funds are reduced. Not only will implementation be delayed, in many cases for long intervals, but the money that has been invested in the planning will have been wasted, creating lower staff morale and an even more cynical public.

Local communities are faced with such property tax limitations that they will require large amounts of new State aid. There will, therefore, be little likelihood of their taking on additional responsibilities heretofore carried on at the Federal level.

Further, while most knowledgeable persons in Massachusetts would agree that new taxes will be required due to the impact of the Reagan budget and the urgent need to increase local aid due to Proposition 2½, neither the gubernatorial candidates nor those standing for the legislature show any signs of taking leadership in this area.

Faced with this need for increased local aid and the increase in human service needs, especially during a recession, it is politically impossible for any State agency to obtain a large increase in funding, despite the broad popularity of environmental programs. This is the reality of local and State government in our region at the present time.

In addition to the information about Massachusetts, I would like to submit with my testimony a copy of a report prepared for Congressman Downey by the New York State Department of Environmental Conservation.[1] This report is a careful account of what the proposed EPA budget would do to the environment of Long Island, N.Y. It delineates the destructive effect of current EPA budget proposals and leads one to the inescapable conclusion, if similar information exists for other States, that this administration is abandoning our long-cherished goals of environmental protection.

I am also submitting for the record a reprint of a special report in Business Week entitled "State and Local Government in Trouble," dated October 26, 1981,[2] which points out graphically why State and local governments, already unable to take on the new responsibilities rather blithely and cavalierly expressed in the documents I have read describing next year's proposed EPA budget.

One further note from Massachusetts to illustrate the findings of that report. Water conservation is one of the Nation's most pressing needs. Massachusetts' cities waste hundreds of millions of gallons of water each year due to ancient water pipes. The only State program to meet these capital needs is budgeted at $9.5 million per annum. There is a backlog of $46.8 million in current requests and many cities have not submitted grant requests because their needs are so great.

Sooner or later we will have to have a Federal initiative to confront these needs nationally.

In the preparation of this testimony, I have had the occasion to discuss matters with developers, regional EPA staff Massachusetts, New York, and Pennsylvania, personnel from several New England States divisions of environmental quality, and representatives of environmental groups.

In support of my testimony I am submitting a letter from the New England Interstate Water Pollution Control Commission—the environmental officers of the New England States plus New York—dated June 23, 1981, imploring the EPA team at that time evaluating the functions of the regional EPA offices to retain the region I EPA laboratory located in Lexington, Mass.

The letter speaks eloquently for itself; it is important for the committee to know that it was never answered and that the future of the regional laboratory is at this time unclear.

I believe I have demonstrated in this testimony that the 1983 proposed EPA budget would result in environmental setbacks in Massachusetts and New York.

In the case of Massachusetts, I pointed out that the State and local governments could not take on new responsibilities. I have also provided evidence that many other States for a variety of circumstances are unlikely to be able to take on these tasks.

I am astonished that those who prepared this budget have not, in advance, consulted the States about their capacity for taking on new projects. An administration committed to a new partnership with local and State officials would, one would suppose, have carefully worked out the details with or at least have asked the opinion of their State counterparts.

My judgment is that the regional offices of EPA could have been asked to perform this function of assembling opinion about how new Federal-State relationships might really work, but that they have never been asked to do so.

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[1] The report referred to has been retained in the committee files.

[2] Retained in the committee files.

I need not point out that morale in Washington and in the regional offices is very low; people are leaving at the rate of 1 percent per month and almost all senior executive service personnel are actively looking for new work, all of this in the face of a miserable market for bureaucrats and environmentalists.

Instead of sharing responsibilities with the regions or developing new relationships with the States, the Administrator of EPA is said to avoid State commissioners and secretaries of environmental affairs, preferring to speak only with Governors. So distrusting the bureaucratic apparatus of the agency she directs, she has required that everything pass through her small staff.

For example, decisions numbering several hundred to allow States to review their air quality plans which used to be made by regional offices with nominal Washington approval must now be reviewed by two key headquarters aides.

Again, whereas regional offices used to dispense emergency cleanup crews to the sites of toxic substance spills, now two Washington aides wearing beepers make the decisions.

These are not the actions of governmental officials or of an agency which seeks a new partnership with State and local governments or which truly wishes to delegate power.

Mr. Chairman, this is an ill-conceived budget, one which seeks to subvert existing environmental law, one which depends on local and State approval which has never been sought, and one which asks the States to assume functions which they cannot possibly do. Before this shift of authority is considered, I hope this committee will require the EPA, through its regional offices, to conduct the sort of analysis State by State, which the State of New York conducted for Congressman Downey.

Mr. Chairman, the American people have time and again overwhelmingly supported the goals of our existing environmental programs.

They are not particularly interested in what combination of Federal, State, local, and industry action is required to achieve them. They expect us, as elected officials sworn to uphold the law, to set out our agenda and go to work cleaning up the environment and protecting it for generations of citizens yet unborn.

People will tolerate some delays to see if new intergovernmental arrangements will be more effective in carrying out our goals. They will even understand if timetable have to be extended due to budgetary realities. They will not, however, tolerate mismanagement, avoidance of responsibility, and deceit.

Mr. Chairman, I respectfully request that this budget be returned to the agency with the comment that it does not seek to advance the purposes for which the agency was created.

Senator STAFFORD. Thank you very much, Mr. Duehay. We certainly appreciate your statement.

Senator Gorton, I have taken the liberty, pending your arrival, to have your opening statement placed in the record immediately following mine.

Senator GORTON. I think that would be appropriate, Mr. Chairman, I did not intend to read the statement. You and I, of course, discussed not only the budget of the EPA but the general budget process of the Congress.

As you know, I made the proposal some 2 weeks ago which substantially differed from that of the President both because I felt the budget deficits as proposed in the President's budget were too great and because I felt that the mix within that budget represented too drastic a change from present policy.

That proposal which is now reflected in the one made by the chairman of the Senate Budget Committee would authorize spending in discretionary programs which obviously include the EPA buget at their present level for the next 3 years.

It will provide a dollar freeze which would mean that most programs would have to eat inflation during that period of time but also would provide a needed degree of predictability not only for Federal agencies but for the local agencies which are being represented here today. I wish to emphasize that neither my proposal nor that of Senator Dominici implies that every discretionary program stay at the same level, but it would certainly allow the authorization to go—he process to go through on the basis of the merits of each individual program.

Obviously that might not have been regarded favorably a year or so ago. I suspect in the point of view of most of the people who happen to administer these programs it is a great deal better than the administration proposal itself.

In any event, I have a more formal statement on that. I thank you for allowing me to interrupt these two gentlemen at this point.

Senator STAFFORD. In view of our time constraints, Senator, I am going to limit myself in questions that I may address to witnesses and there may be additional questions we will wish to submit to you in writing if that would be agreeable.

In the meantime, might I ask you both, or either of you, if you would comment on the two questions which I have. Would you support the continuation of grants to States in the amounts that they were made in 1982, which is the level funding really that you just have been hearing about from Senator Gorton?

Mayor WAGGENER. There are a lot of problems, I know, within all the municipalities and also in the State of Wyoming. Of course, we would support the highest funding level that could reasonably be obtained, especially the area of wastewater treatment. That is a very serious problem all over the United States.

Senator STAFFORD. Thank you.

Mr. Duehay?

Mr. DUEHAY. Most assuredly, Mr. Chairman.

Senator STAFFORD. That is the kind of response that a Vermonter likes to hear.

Senator GORTON. Yes, I may say a Washingtonian is impressed with that, too. It is straightforward.

Senator STAFFORD. What efforts have the States made to cut the costs of their administration and could these efforts in your judgment resolve State needs for Federal support at the previous year's levels?

Mayor WAGGENER. I can only speak for the State of Wyoming but like in waste water, we have $130 million worth of defined projects and allocation in this recent go-around of $11.8 million.

In all of the departments that I could find in wastewater, in air quality, in solid waste, there is a great concern for cutbacks in staff and being able to maintain monitoring programs. I know that is important to Congress because without the information, you can't make good decisions.

Our legislature right now is going through the sunset hearings for the various people in the Department of Environmental Quality, but with the lack of funds and trying to pick where the Feds are leaving off, it does cause a concern.

Senator **STAFFORD**. Thank you.

Do you have any comment, Mr. Duehay?

Mr. **DUEHAY**. My community in Cambridge laid off 10 percent of its employees over the last year because of proposition 2½; the cuts coming most heavily in public works and in education.

We will have to lay off another 15 or 20 percent unless we get some kind of relief. The State has been laying off employees so that it could shift some of its funds into local aid.

For example, the Governor, although he was supported by the State police, had to lay off 100 State police. I could not pretend that in the State government or even in local government, everything is outstandingly managed.

Our public transit system in Greater Boston is a good example of something that needs to have better management. But on the other hand, I really feel that State and local government, in accordance with the information I have provided the committee, is strapped.

Senator **STAFFORD**. Thank you, very much.

Senator Gorton, do you have any questions?

Senator **GORTON**. No. The question is which we had were adequately covered by both of the statements which I thought were thoughtful.

Senator **STAFFORD**. Thank you, very much.

I agree with that statement.

Gentlemen, we thank you very much for helping the committee.

The next witnesses before the committee will be Ms. Victorial Tschinkel, Secretary, Florida Department of Environmental Regulation and Mr. Kenneth Hagg, also from Massachusetts at the Department of Environmental Quality.

Once again, we would invite you if you will to summarize your statements in 10 minutes on less and we will place the entire statements and any attachments thereto into the record.

I am advised that Mr. Hagg is accompanied by Mr. Becker.

We would invite you as witnesses to determine between yourselves who goes first.

STATEMENT OF VICTORIA TSCHINKEL, SECRETARY, FLORIDA DEPARTMENT OF ENVIRONMENTAL REGULATION

Ms. **TSCHINKEL**. I think I will be first.

I am Victoria Tschinkel, secretary of the Florida Department of Environmental Regulation.

It is very nice to be here today and I will take your comments under advisement and try to summarize my statement instead of reading it, although I am fairly talkative. So we may be worse off that way.

Let's hope not.

I am here to talk about how the fiscal year 1983 budget for EPA relates to our own efforts to have good environmental quality in our State. I think my remarks can relate very well to other States as well.

In fact, the National Governor's Association is asking me to represent them here today and as part of my statement I have attached comments by Governor Snelling who is the chairman of the NGA and Governor Rockefeller, who is chairman of the Committee on Energy and Evironment concerning the proposed cutbacks.

I really feel very strongly that States are the arms and legs of the prograns that Congress has implemented over the last several years. The eye is very much on the States.

We are the people that have to make the policy judgments in a day-to-day way about the people that are regulated and right now it is proposed that we take over more of that responsibility. Because of that I cannot help but be somewhat perplexed by the proposed EPA budget. It doesn't make sense to me.

To give you some idea about me so you can take my remarks in the appropriate context, I have come up through the ranks of the agency that I am now the head of.

I was appointed secretary by Gov. Bob Graham, and I was previously appointed assistant secretary by Gov. Reubin Askew. I have spent my entire career in environmental management and protection.

I have done a lot of thinking about it over the last several years. I think that the late 1970's was a time when we formed a very delicate alliance between the business community, the environmental groups, and our State legislators and the agencies.

We are just at the point in the States where we developed some mutual rapport and credibility and there are several aspects to that.

First of all, decisionmaking close to the businesses that are being regulated; second, the ability, I think, of the regulated interests to feel that they have competent State people that they are starting to work with, the environmental groups are finally starting to trust some of us and feel like we know what we are doing and we are not going to make rapid silly decisions and, frankly, the legislature looks at the dollars.

They are willing to do Federal programs if they see some money in it for them.

I will make comments on four specific areas.

First of all, on the premises underlying the budget; second, relating to the economic considerations at the State level and whether the States actually have an ability to take over the programs right now; third, I will discuss the need to maintain the credibility of the environmental programs. I don't mean that in a nonsubstantive way. I mean that in a substantive way and last, a few specifics concerning the individual budget cuts that are under discussion.

First of all, concerning the premises underlying the budget, I think, in my discussions with you, and I hope with the Federal EPA, that their premises indicate that these laws are going to be implemented properly the way you intended them to be.

Therefore, my remarks are going to be based on the fact that we are going to try to do a good job on these programs.

It may come as something of a surprise to you that I think most of the States would agree with the basic policies outlined in the EPA budget document: That we have to manage our programs for environmental results, reduce burden on regulated people, eliminate backlog, improve decisionmaking at all levels of government and to help the private sector and the environmental community.

We have to simplify the requirements on the States. We cannot afford to be second-guessed continuously by a Federal agency. We also have to increase our efficiency and reduce duplication of effort.

All that sounds fine. In fact, we even agree with them on the resource allocation priorities: Construction grants, hazardous wastes, improved enforcement efforts, improvement of R. & D., and improvement of the State grants efforts.

What I cannot understand is how the budget does those things. They simply don't do that in my opinion at all, even by their own priorities. It is unbelievable to me that we are talking about reducing State grants just at the exact time that EPA is reducing their own internal budget in order to turn programs over to the States.

That just has an internal inconsistency I cannot understand.

We are gearing up in our State, and I think we have a fairly large program in Florida right now, including permitting hazardous waste permitting and underground injection well permitting.

We are hoping to assume the dredge and fill permittinq program from the Corps of Engineers. All of those programs that we are on the verge of assuming are in strong danger of being turned back to the EPA, and a number will be if we get significant cuts.

Programs that were already implemented very likely will have to be given back because we don't neet the minimum standard you have set forth for having delegation.

In fact, every year when we go in front of the State legislature, they are extremely skeptical about taking any Federal programs, and I am trying to give you the practical attitude that they have. They say, why should we do their work for them?

Why don't we set our own priorities and why don't we let the Federal Government take care of their priorities?

The only way that we have been able to assume delegation of programs is by saying this money is going to help State priorities and it is a big chunk of money, enough to make a difference to the State of Florida.

The regulated people say we would rather deal with the State than the Federal Government. All of that is in danger of falling apart.

For us, the first to go will be the most dependent programs. The newest program—hazardous waste—being, of course, the most obvious. Right now we are 90 percent dependent on Federal funding for our hazardous waste program in a State which, as you probably know, has the largest number of superfund sites on the proposed list.

On the EPA's internal budget, I think it is important for the States to give credit where credit is due and tell you why we really do need EPA.

I am not prepared to tell you line by line where you need to look to be sure EPA is appropriately funded but we can tell you what we need them for and you can make those decisions.

First of all, we absolutely need EPA for them to give us technical backup for our decisions. We have to call the regional offices that are the firstline defense and we need the scientific and technical support.

Second, standard setting has to be done at the Federal level. New source performance standards and that sort of thing are things that we don't have the technical ability to do. They must be backed up by good, excellent state of the art R. & D.

Everybody has to have confidence that those new source performance standards and ambient air stardards are proper and that they are totally scientifically correct.

It needs good funding. Otherwise when we try to deal at the State level, we are accused of trying to implement poor Federal standards and nothing happens.

Without the new source performance standards for coalfired plants which is set at the Federal level, we would not be able to be siting coal plants around the State right now because we would be caught between the pressure from the power companies who kept us from adopting new source performance standards at the State level and the environmental groups who don't trust coal burning.

Now, we are siting those coal plants and environmental groups are satisfied that they will protect health.

Legal support also has to go along with that standard setting. The States cannot afford the heavy litigation burden of litigating every industry on every new standard that is set. That is unfortunately the way things happen nowadays. It seems it is not possible to move in these areas without heavy litigation.

Let me talk a little bit about the States that you are proposing to turn this all over to and the situation in which we find ourselves from an econonic standpoint. I won't belabor it too much but Florida is untypical in some ways but very typical in others.

We are a Sunbelt State. We get 1,000 new residents every week that come to Florida, 38 million tourists a year and just from getting people from out of State, one perspective is that we estimate that a new State of Massachusetts size, sometimes we think it is the entire State of Massachusetts, is going to be on our doorstep within the next 20 years.

That is a fairly significant thing to cope with. We have hazardous waste problems; we have to provide sewer facilities, schools, roads, and all of that for everyone.

Although I think our statewide funding levels are not such a serious concern from a political standpoint, the local governments have to face total rebellion on the part of citizens due to property tax problems.

Local governments cannot afford to put any money into this kind of effort at all. Of course, the nationwide recession is hitting our State like every other State. We have got budget shortfalls in the State right now, $235 million this year; $250 million proposed for next year. We have to balance our budget at the end of the year and, of course, the only thing we can do now is to freeze positions, reduce all categories of expenditures, and, for example, our Senate is talking about taking 46 water quality positions out of our budget even now, while we are trying to decide what to do about the Federal budget cuts.

In Florida, every State program is competing for limited funds. For example, we have had to put $40 million into fighting problems related to refugees and drug trafficking. That is our special problem in Florida. There is tremendous competition for dollars in the States, even in a State that is very environmentally aware like Florida.

Other States are facing similar problems in their environmental programs. Rhode Island is looking at a 10-percent reduction in their progams right now. The State of Washington, Senator Gorton, of course, very well knows, is in very bad financial condition right now. With all due respect, their environmental programs are being heavily stressed.

The problems may not be able to be addressed the way they hope to in the State because of that. In Alabama, they are facing a 44-percent reduction in their environmental programs. This is unbelievable. I don't think it shows a real strong legislative support for environmental programs even though the people want them.

Senator **Chafee**. Can I ask a quick question?

Senator **Stafford**. Let me just comment that we have now consumed 12 minutes.

If you can summarize the next 2 or 3 minutes after the question, we would appreciate it.

Senator **Chafee**. You mentioned that Florida has an abundance of superfund problems, the sites demand superfund attention.

What is Florida doing as far as making certain that there won't be further midnight dumping, briefly?

Ms. **Tschinkel**. That is a very good question. We have hastened to implement a State hazardous waste program.

Senator **Chafee**. Do you have any hazardous waste disposal sites licensed in Florida?

Ms. **Tschinkel**. No.

Senator **Chafee**. How are you going to solve the problem?

Ms. **Tschinkel**. We have some geographical problems with hazardous wastes as well as substantive problems. For example, you probably know that the ground water in South Florida is only about 6 inches below the surface of the soil.

Senator **Chafee**. Is it impossible to find a place in Florida to put hazardous wastes?

Ms. **Tschinkel**. Not in my opinion, not in the northern part of the State.

Senator **Chafee**. But no one wants them?

Ms. **Tschinkel**. We have not had an application for a permanent location.

Senator **Chafee**. I don't think you will find an application show up.

Ms. **Tschinkel**. In fact, if I might interrupt—this year, the legislature is trying to deal with the bill which we support that would give a certain override on local qovernmental decisions relating to siting those facilities for exactly the reason that you asked.

I have the same fear that you have in that area.

Senator **Chafee**. Thank you.

Senator STAFFORD. Thank you. Could you summarize?

Ms. TSCHINKEL. Yes. I will be very quick now.

My point there is that the money supply is not available at the State level for these programs. I think that there are a couple of, two more basic points that I want to make. Practically, the premise that the States could physically take these over, let alone if there is money there, is totally out of the question.

Our legislature is going home in a month. They are not going to be back until the middle of next April. You won't be making your decisions on budgets. They will start affecting us in October. How can you keep from laying off those people if our legislature is not even there to try to address the problem? Some plans are going to take as long as 18 months to gear up before we can take them over. What we are supposed to do in the meantime there?

Also we need time to pave the way with our constituent groups to try to work with them to accept this kind of thing. Finally, this is really my last general comment. I think that the credibility of the Federal Environment Protection Agency and the State agencies are extremely important. What you are seeing is the danger of people not trusting decisions being made at the State and Federal level because of the uncertainties being involved.

Last week we tried to relax our ozone standard and we did do it successfully and I think it was the right thing to do. But everybody is questioning the answers that are coming out of Washington right now. Business wants stability. Our business leaders in Florida want stability with the environmental programs, they want their answers fast, they don't want them litigated by environmental people who don't trust agencies that are involved.

One specific suggestion that I would like to make to you in regard to EPA's budget is that they are saying the cuts in the water program are not serious because the 205 G and J programs that you have recently reexamined can take care of some of the shortages in the water quality funding. That may be true but our reading of the law and the current regulations show that they do not overlap completely with the 106 funding and I think that is the substantive thing that you can look into. I am not going to talk to you about the specific programs and what the cuts would mean to our State because I thought it was more important to talk to you about the policy issues but of course I would be glad to do that if you have any specific questions.

Senator STAFFORD. Thank you very much. We really appreciate your testimony. You commented on the size of growth in Florida over the next 20 years. As an aside, I would say you may acquire a Senator from Vermont some time in that period, at least on a part-time basis.

Ms. TSCHINKEL. We look forward to having you.

Senator STAFFORD. That won't present a school problem.

We are now happy to hear from Mr. Hagg, who is speaking not only for the Massachusettes Division of Air Quality Control, but on behalf of the State and territorial air pollution program administrators.

STATEMENT OF KENNETH HAGG, MASSACHUSETTS DIVISION OF AIR QUALITY CONTROL, ACCOMPANIED BY WILLIAM BECKER, EXECUTIVE SECRETARY, STATE AND TERRITORIAL AIR POLLUTION PROGRAM ADMINISTRATORS (STAPPA)

Mr. HAGG. Thank you, Mr. Chairman and members of the committee.

I am Kenneth Hagg, director of the Massachusetts Division of Air Quality Control. My testimony today will get into some specifics—some specific program impacts—that have been addressed by Secretary Tschinkel. I will reinforce a lot of the ideas that she has given you, particularly the fact that every year at this time my wife suggests at least five Massachusetts residents move to Florida.

With me today is William Becker, STAPPA's executive secretary. The agencies that STAPPA represents have been given primary responsibility under section 101 of the Clean Air Act to carry out the programs for preventing and controlling air pollution. We appreciate this opportunity to testify before you today.

State and local air pollution control programs are in a serious financial crisis. Our workload, by any reasonable estimate, has doubled in recent years, especially since the enactment of the Clean Air Act Amendments of 1979. Our responsibilities are expected to increase even more under current reauthorization of the act.

Unfortunately, our ability to meet those additional duties is seriously impaired by the lack of resources available to us.

Our programs are financed with both Federal and non-Federal funds, with the major share of funding from State and local revenues. For instance, over the past 10 years, State and local governments have increased their funding of air programs by 11 percent in real terms, while the Federal contribution has actually decreased 15 percent in real terms. Today State and local governments pay nearly $2 for every $1 funded by the Environmental Protection Agency.

With the economic realities that we are currently facing, we cannot expect State and local revenues to cover an increasing percentage of the costs of federally mandated programs. Yet despite this reality, EPA is proposing 20-percent reductions in State air program grants for fiscal year 1983.

Cuts of this nature cannot be supported. When faced with constant funding levels over the past 2 years, States still suffered from the serious effects of inflation. For instance, 90 percent of the States had to cut back on their air quality monitoring efforts and over half reduced enforcement and source surveillance. In addition, there have been extended delays in permit reviews and an inability to establish effective toxic air pollution control programs.

Now, with the possibility of a 20 percent cut before us, many of the significant gains we have made in the past several years will be in serious jeopardy.

It is interesting to note the conclusions of the National Commission on Air Quality, chaired by Senator Hart. The Commission Stated last year that "although a transfer of resources to more substantive technical areas appears possible if existing nonsubstantive procedural requirements are lessened, State and local agencies appear to be ill-equipped to accept substantial additional responsibilities without additional financinal resources and personnel."

The Commission added that the Clean Air Act should authorized increased funding and that the "administration and congressional appropriations committees . . . provide the needed funds."

While State and local air pollution control agencies have made considerable progress over the past decade controlling air pollution, our task is far from complete. The President's Council on Environmental Quality estimates, for instance, that this country will spend nearly $340 billion for air pollution abatement in the decade ending 1988. State agencies will be responsible for insuring that this massive investment is spent efficiently and effectively for the purpose of protecting air quality.

State and local agencies will need a sufficient level of resources for a number of air quality control efforts.

One such program is a regulatory reform initiative—EPA's bubble policy—designed to reduce regulatory costs to industry. States have found that control programs which seek to minimize costs to industry tend to be the most resource-intensive control programs to administer. The reason is that these programs usually require extensive discussions between the control agency and the source owner in order to determine the most effective, yet reasonable, control program for each plant. Moreover, increased monitoring of compliance status will be required. While States are interested in the bubble policy and other regulatory reform approaches, we fear that without adequate resources, these innovative programs are doomed to failure.

A second example relates to the delegation to the States of new source permitting authority, particularly for the prevention of significant deterioration—PSD—program. The Environmental Protection Agency has provided policy guidance to its regional offices, as recently as 2 months ago, encouraging them to expedite delegation of these programs to the States. It is questionable, however, whether many States will volunteer to accept full delegation of this program given substantial cuts in their air program budgets.

Sulfur dioxide and particulate control measures will need to be carefully implemented over the next several years, not only to insure compliance of the national ambient air quality standards—NAAQS—but also to maintain the standards in the future. Without careful attention to proposals for fuel conversions and energy development projects, we could easily see a decade of progress slip away.

Nitrogen dioxide control appears to be primarily a question of maintenance of standards; however, given recent predictions of potentially large future increases in emissions of this pollutant, we will need to monitor carefully future trends in order to prevent additional nonattainment areas.

Ozone and carbon monoxide levels still exceed the NAAQS in many areas of the country. Those areas exceeding the standards are in the first stages of implementing new control requirements for both stationary and mobile sources which were written into State implementation plans during 1979 and 1980. In addition, most of the major urban areas in this country have not yet completed the development of additional SIP revisions, due July 1982, which will show how the regions will finally reach compliance with NAAQS by 1987. Even more control measures will be needed over the next few years when these plans are eventually finished.

In general, State plans to demonstrate attainment and maintenance of the lead NAAQS are woefully behind schedule. Implementation of this program will also require additional funding.

In the area of toxic emissions control, many States are finding that the public is deeply concerned about toxic pollutants and will not allow further delay in the development of a control program. These States have, or are developing, their own programs because the NESHAPS program, as it presently exists, is not working as effectively as it should.

In the enforcement area, it is interesting to note that the administration's steps toward compliance assistance imply a desire and ability to spend time working directly with each source involved in an enforcement action. Unfortunately, inadequate resources are now driving State and local agencies in the opposite direction.

I would like to briefly address the issue of regulatory reform and its impact on our resources. We believe that this particular issue should be viewed as having at least two separate levels. First, regulatory reform reflects the relationship between EPA and the States and second, regulatory reform affects the relationship between the States and the regulated community. On the first level, the Federal-State relationship there has been a lot done particularly in the recent past.

We applaud EPA's efforts to relax some of the requirements for nonproductive reporting and the like but as a practical matter we simply do not see that any further reductions in the reporting or any other areas will cover reductions in Federal funding.

The efforts that EPA has been making have been helpful in coping with inflationary impacts but will not abosrb reduced funding. We also have a concern about EPA's own level of funding. We do seek a true Federal-State partnership and we believe that EPA needs adequate funding in order to carry out their part of that partnership.

We, in Massachusetts, have received substantial assistance from EPA in many areas, but most recently in assisting in the coal conversion projects. We hope that EPA will have sufficient funding to continue the work they have done in the past.

The second level in regulatory reform, that between the States and the regulated community, is even more important to us. New programs that have been proposed like the bubble program, and controlled trading, will simply require many more resources on the part of the States agencies in order to properly implement. These programs have the opportunity to save significant costs on the part of the controlled industry but in order to achieve those savings we will need to do a lot more in the area of enforcement. While we want to insure that companies can meet control requirements at least cost, we also want to insure that the public knows that we are doing the job and making sure that industry is living up to their requirements.

The net result of these various levels of regulatory reform should be a major plus for our country but certainly as a whole they will not result in any decrease in the funds that we need and the resources that we need to carry out our programs.

Finally, with regard to States implementation plans, it is encouraging to see that EPA and the Congress are considering ways in which to simplify and streamline the existing review and approval processes for SIP's. While these procedural modifications will reduce the time and effort necessary to receive SIP approval, it is unlikely, despite claims to the contrary, that they will produce significant monetary savings on the States and local level because the cost of producing the initial SIP analyses will remain largely unaffected.

From this brief discussion, it should be clear that the responsibilities faced by States and local air pollution control officials far exceed the resources available to fulfill them. Delegating more to the States, without an assurance of adequate funding, will only exacerbate an already unhealthy situation. Continued funding of air programs at the necessary levels is essential if we are truly concerned about protecting public health and the environment.

We thank you for this opportunity to testify and will be happy to answer any questions.

I would like to relate to you one concrete example of the situation that we face in Massachusetts now as it relates to the proposed reduction in Federal funds to State programs. We have over the past several months carefully developed our own State prevention of significant deterioration program. We feel that through implementation of that program industry will be able to have much cleaner, more efficient permitting process but the adoption of that program will require additional resources at the States level.

How can we address the question that is asked of us? Should we adopt a new program with new resource requirements at the same time the Federal Government is proposing to cut back the funds available to run that program?

It is a difficult question. We see real efficiencies that can be gained to the whole air pollution control scheme, yet without the necessary funding we simply have very great difficulty in recommending that we go ahead.

We thank you.

Senator STAFFORD. Thank you very much.

Once again your statements cover so many of the questions that have interested the committee that we will be very limited in questions we are going to ask you now. We would like to address the same two questions as we did with the earlier witnesses for your brief comment.

Would you support the continuation of grants to the States in the amount they were made in 1982, in other words level funding?

Ms. TSCHINKEL. In answer to that question, Senator, I think to us it would be the difference between giving us something to cope with which would take some imagination in getting our program and, yes, we could support that.

Senator STAFFORD. What would your response be?

Mr. HAGG. We last year supported a level funded program and I believe although we need more money, we could support level funding.

Senator **Stafford**. Finally, what efforts have the States made in your experience to cut the costs of their administration? Could these efforts resolve State needs for Federal support at previous years' levels?

Ms. **Tschinkel**. We have done quite a bit in our State. I won't talk about administrative things, but substantive things. We have submitted a bill to our legislature to increase permit fees in our State which I think is one of the things that has been discussed and we are about two-thirds through our session. We have done a lot of negotiating. I think we are going to pass the bill. It is going to raise the fat amount of $500,000 for the State in addition to what we already have.

Also we have submitted a bill, because our workload has increased from 12,000 permits a year to 16,000 over the last 3 years to exempt a number of what we consider to be minor projects. I don't think they are irresponsible but we can't look at everything that we are currently looking at right now.

Senator **Stafford**. Thank you.

Mr. **Hagg**. I think in general the States are doing a lot of things to try to keep their programs running as best they can at given level funding, including getting together as we have in the New England area through an organization called NESCAUM and sharing resources wherever possible.

The States are also trying as a general rule to develop permit fee programs. At the last report that we have, about 33 percent of the States reporting to STAPPA have some sort of permit program but there is great difficulty as you know in those programs. There hasn't been a consistent Federal policy on permit fees.

One example I can cite is the State of Michigan which did have a permit fee program which has since been eliminated because of the cry from industry in that State that other States were not charging similar fees. So there are some real problems in the continuing development of that kind of program.

Senator **Staffard**. Thank you both very much. We are very grateful to you for your assistance to the committee in considering EPA's budget.

For the committee the Chair will now invite Dr. Simon Levin to come to the witness table. I believe he is accompanied by Dr. Barbara Bedford.

Senator **Stafford**. We don't have written testimony from you but we are happy that you are here on short notice and that you are accompanied by Dr. Bedford, both from Cornell.

We would appreciate it if you could summarize statements in about 10 minutes.

STATEMENT OF DR. SIMON LEVIN, DIRECTOR, ECOSYSTEMS RESEARCH CENTER, CORNELL UNIVERSITY, ACCOMPANIED BY DR. BARBARA BEDFORD, DIRECTOR, AIR POLLUTION EFFECTS PROGRAM

Mr. **Levin**. First of all, let me thank you for the invitation to appear here for which I am very happy to respond.

I would like to introduce Dr. Bedford, director of our air pollution effects program.

As you know, this is an unplanned appearance. We are in Washington for a meeting of our National Advisory Committee and responding to impromptu requests to appear and discuss the center's program.

Nonetheless, I would be happy to provide supportive written material if you so request.

Senator STAFFORD. We would appreciate that and we will incorporate it in the record when we receive it.

Mr. LEVIN. In 1978, the EPA submitted a report to the President, to the Congress, on laboratories needed to support long-term research in EPA. This report was based on critics interviews with the scientific community.

Included in that report were recommendations for the establishment of innovative research centers of excellence at competitively selected scientific institutions.

These centers are not funded and they are designed to provide research and training, addressed to the long-term environmental problems, the development of a source of expertise outside the Government, the development of a regional and national resources for the study of present and emerging problems in environmental protection, to provide a set of focal points of continuing research in areas that are fundamental to environmental science and to provide a setting where both industrial and Federal and foundation funds could be applied in a cooperative way toward joint solution of environmental problems.

The centers are aimed at long-term anticipatory research to try to avoid surprises and to maximize lead times in dealing with environmental problems, and providing a link between basic and applied science, at being responsive to the long-term needs of EPA, to extend the capabilities of the EPA laboratories, to service a bridge between the EPA and the scientific and industrial community and to serve as a source of new talent in solving EPA's research problems.

There are currently eight centers funded, the oldest being a little bit more than 2 years old. Ours is 16 months old.

Another center with similar interests is the Marine Sciences Center in the State of Rhode Island. The other centers are concerned with ground water, intermediate transport epidemiology and with industrial waste elimination, environmental control technology and hazardous wastes.

Our center, the ecosystems center at Connell, has as its mandate the identification and codification of the basic principles and concepts of ecosystem science, the determination of their importance in understanding and predicting responses of ecosystems to stress.

Perhaps most inportantly, the testing of the applicability of these concepts through the regulatory problems of concern to EPA. The major projects at present concern the regional effects of air pollution stress; ecosystem problems associated with sewage disposal; principles and protocols for evaluating powerplant and toxic effects on estuaries, which we are approaching by means of a retrospective study of the Hudson River estuary, a study which has enjoyed a great deal of support throughout both the scientific and industrial community and the development and encouragement of basic advances in the field of ecotoxology, the science evaluating toxic effects at the ecosystem level.

I will point out that these are all problems which transcend State boundaries. The way we operate in our center is, first of all, through close liaison with the EPA program and laboratory staffs, including interactive programs, and complementary program review.

We provide a nuclear staff corps of Ph. D.'s and an associate corps program to thereby attract interactions and commitment by other Cornell faculty.

At present, we have about 30 to 40 involved. These represent a broad and distinguished corps of talented and expertise, most of them had not previously been concerned with EPA's problems.

Our corps staff integrate among programs and assure attention to the overall objectives of the center and of the Environmental Protection Agency. However, the corps will undoubtedly need to be reduced and programs trimmed if the present cuts are sustained.

This will hurt our program because the corps is the nucleus and it must be an advisable entity for the center to function properly.

The corps funding is used not only to sustain the nuclear staff, but also to seed projects and attract outside funds from industry, foundations, and other agencies.

Each dollar that the EPA provides us attracts others and hence each reduction is potentially magnified.

Finally, our center operates as a unique national high visibility center bringing in and attracting the experts on each project that we undertake. These visitors come from a period of days to a year or more to collaborate and attack problems central to EPA's mission and to develop the programs.

We currently have substantial collaborative programs with the Boyce Thompson Institute, with the Oak Ridge National Laboratory, with the Woods Hole Oceanic Institution, with the Institutes of Ecology, with Yale University, and a number of other centers.

In summary, I think the centers are working. It is a young program but it is a unique, imaginative and productive program which I think is symptomatic of an overall improved EPA extramural research program, the help in providing the scientific basis for regulation to which Ms. Tschinkel referred.

They have provided a new source of expertise to the EPA in developing liaison between the academic community, Government and industry. They have served as an attractor for industrial and foundation noney and drawn in other independent researchers, provided a tremendous return on the dollar.

Such supplementary dollars for other sources are an important component of the work we do but they cannot supplant the core funding because supplementary dollars are usually shorter range in attempting and are targets of opportunity necessarily different in purpose and distinct to the needs of the sponsor.

In any case, it is not inclusive of all the programs we feel we need to consider essential to EPA's mission.

Finally, the supplementary dollars are likely to decrease rather than increase as the matching funds that the EPA provides are reduced.

The center's program has reflected the training of younger people, postdoctoral and predoctoral to consider relevance and applications to regulatory problems in their research.

As an educator, I must stress the importance of this contribution to the Nation in developing a core of people trained to deal with scientific and regulatory problems. They have also served to redirect established senior researchers in their activities, by providing a more applied perspective.

Basic research must be carried out within an applied context to really fly. This is a tremendous contribution of EPA centers' program.

In conclusion, reductions as currently planned in the research and development program of the agency will mean a reduction in our staff, in our central core, faculty and programs, curtailment of new initiatives, and a severe reduction in supplementary and complementary EPA competitive grants.

In order to undertake the long-term research so necessary to EPA's planning, we require a stable funding base at consistent levels.

Thank you.

Senator STAFFORD. Thank you, very much, Dr. Levin.

Before I forget the question and I am going to invite Dr. Bedford to comment also, I gather from your testimony you do not expect private industry to make up the difference if the current proposal for EPA budgets, in fact, becomes a law?

Dr. LEVIN. I consider it most unlikely that private industry will make up the deficit.

We do as I stated, seek such funds. We currently seek such funds to supplement and complement our program but the attractiveness of our center is based on the fact that we are able to produce cofunded programs between industry and the EPA when that core is reduced, I think, the outside funds are likely to be reduced, not invested.

Senator STAFFORD. I gather your concern would grow if you found very substantial fluctuations in the level of Federal support, either up or down or both so that you couldn't know from year to year how nuch money might be available.

Would that be a hazard to your program?

Dr. LEVIN. There is great difficulty in trying to make any sort of long-term planning when there are severe fluctuations.

Senator STAFFORD. So that I would assume, then, that you would probably prefer a level of funding from this year through 1983 and the next 2 or 3 years, if that were the choice over the current proposals for EPA budqet?

Dr. LEVIN. Level funding would be an improvement over what is being advanced.

Senator STAFFORD. Dr. Bedford, did you have any comments you wanted to make?

Ms. BEDFORD. Not in particular and I wish to be brief because I know the committee is busy. I can point out that our air pollution program is a good example of an efficient use of resources and a way in the core program of the center's pulse in some of the Nation's best scientists to address the problems.

In the air pollution program we have attracted the efforts of scientists not only at Cornell from several different departments, many of whom are not funded under the core progran but also researchers from Yale University, fron the Boyce Thompson Institute with a long track record and excellent research in the effects of air pollution on plants, from the University of Toronto, from the Institute of Ecology and from the Oak Ridge National Laboratories.

Not only does this integrate our program and bring in some of the best information available, it also exposes the young scientists that we are trying to train to address these applied problems into contact with excellent scientists from around the country.

Senator **Stafford**. Thank you both.

You have been a great help to this committee and in particular to the chairman. We appreciate it.

The last panel this morning will consist of Mr. David Burwell, director, special projects, National Wildlife Federation; Ms. Carolyn Isber, Save/EPA, and Mr. Johnathan Lash, Natural Resources Defense Council.

Once again, the Chair doesn't feel wise enough to say who should go first and who should go last here.

So we will leave it up to you.

STATEMENTS OF DAVID G. BURWELL, DIRECTOR, SPECIAL PROJECTS, NATIONAL WILDLIFE FEDERATION; MS. CAROLYN ISBER, SAVE/EPA; AND JOHNATHAN LASH, NATURAL RESOURCES DEFENSE COUNCIL

Mr. **Burwell**. I am here on behalf of the National Wildlife Federation. I would like to first say that I am very pleased with the interest in the EPA budget shown by the Republican members of this committee. As an organization whose membership voted for the present administration over former President Carter by a 2 to 1 margin, we do feel a bit abandoned by the administration but certainly not by the Republican Party generally.

I will summarize our remarks. This particular EPA budget carries with it a history of controversy. As you know, last fall, when Administrator Gorsuch's budget submission to OMB was made public, there was much critical comment, and hearings were held before several committees, including this one, on that proposal.

Further cuts were proposed by OMB, very severe, down to about $700 million and by the time the President overruled those cuts and restored funding to about the level that Administrator Gorsuch proposed, her proposal became known as the "proenvironmental" alternative.

We are therefore presented with a budget that is $14 million below that $975 million proposal of last October and the question is raised of whether it is enough to do the job?

The National Wildlife Federation, in an attempt to penetrate the rhetoric that surrounded the criticism of EPA on both sides, decided to commission a study on the EPA budget to determine whether or not these cuts really were possible, whether the agency could become "lean and mean" or whether the cuts were really cutting muscle and not just fat. We commissioned SAVE/EPA for three reasons. First, there are several members of SAVE/EPA who have previous direct management responsibility for the programs involved. Second, they have broad access to up-to-date EPA information. Third, SAVE/EPA as an organization was one of the most vocal critics of the proposed budget. Basically we told them to prove their allegations.

The result of this analysis is the study that we have made available to this committee entitled "Shedding the Environmental Safety Net: the Full Story behind the EPA Budget Cuts." I guess you can tell from the title where we came out on the study. But on the basis of this study our conclusion was that, in fact, the answer to the question of whether the agency can do the job with this amount of money is "no." EPA is cutting back very severely not only this year but last year. This cut comes on top of a 17-percent cut last year which, when adjusted to inflation, results in a 40 percent reduction in purchasing power at the same time the agency has a substantial increase in responsibility.

Our proposal, our alternate budget, does not just criticize. We asked SAVE/EPA to prepare an alternative budget detailing what the true agency's needs were. The minimum needs, not the pie in the sky ideal budget, but just the minimum levels needed to meet statutory objectives.

This figure came to $2.178 billion. We feel that this number, about a $2 billion operating budget for EPA, if anything, is conservative. There are several assumptions contained in the report that we think are unrealistically low in their calculation of program costs. For example, the calculation of costs for licensing of hazardous waste disposal sites assumes only 14,000 sites are out there. This number was calculated on the basis of a survey EPA conducted when they asked the transporters or storers or owners of disposal sites to voluntarily identify themselves. As a result 14,000 owners of these facilities raised their hands.

We feel there is at least another 6,000 facilities out there whose owners did not raise their hands.

Also, in the programs to control both toxic air pollutants and toxic water pollutants, the amount of monitoring funds given to conventional and traditional pollutants are much more than the amount of funds made available to the toxic pollutants although there are only seven "traditional" air pollutants, but over 40 toxic air pollutants. There are less than 10 conventional water pollutants, but over 120 toxic water pollutants. We think that the monitoring funds for the toxic monitoring program are very much undercalculated. Also, the alternative budget provides funding through testing of only 2,300 of the existing 55,000 chemicals on the market. These 2,300 were selected only on the basis of production volume or known risk. Little testing has been done on the other 50,000.

Finally, virtually no R. & D. funding is given to nonhuman health effects of air and water pollution, although a study released last week by the National Agricultural Crop Loss Study estimated that the annual losses alone due to ozone pollution is at over $3 billion.

For these reasons we believe that a $2 billion operating budget for EPA is, if anything, conservative if we are going to meet the true needs of the agency. To put it in perspective, the EPA R. & D.

operating budget is only 1 1/110th of the R. & D. budget for the Pentagon and only one-seventh of the *increase* in the R. & D. for the Pentagon and about one-tenth of our R. & D. for space exploration. I think R. & D. for problems here on Earth merit equal funding for the problems in the universe.

Last Tuesday, Administrator Gorsuch asserted before this committee that EPA has sufficient funds to meet its statutory obligations. This allegation is a continuing concern to the environmental organizations that litigate against the agency and, when they are successful in the courtroom, are faced with continuous foot dragging by an agency that fails to comply with their requirements.

As an example, I append to our testimony and request it be made a part of the record a chart outlining the present timetable that EPA has established for completing the environmental impact studies and ocean disposal sites for disposal of dredge material. In parenthesis we include the court-set deadlines under our lawsuit against EPA in that matter. As you can see, there is much slippage already between the court-established deadline and what EPA plans to do, yet EPA substantially reduces their funding for ocean disposal and environmental studies in this present budget.

Also, Administrator Gorsuch has asserted that EPA is topheavy, redundant and inefficient. However, her management budgets for fiscal year 1982 and fiscal year 1983 are substantially higher as a percentage of total cost, and in absolute dollar terms, than the budget for fiscal year 1981. The figures are 16.5 percent of the EPA operating buget for management in fiscal year 1981, 20 percent in fiscal year 1982 and now 24 percent under the proposed budget.

EPA is not becoming "mean and lean" under Administrator Gorsuch. It is becoming calcified by peer review and centralization of decisionmaking. That anecdote about the buzzers and beepers that the EPA top management personnel carry, I think is an accurate one.

One final point. Administrator Gorsuch frankly admitted last fall before a House Committee that the budget she submitted was not based on any calculation of the minimum requirements needed to meet the laws which she is directed to administer. I include the exchange between her and Representative Carney where she states she does not base the submission on a calculation of the funds necessary to meet mimimum statutory objectives.

We did this in our study.

Mr. Chairman, we stand by our study. We believe it is a responsible effort to establish minimum levels of program effort within EPA and we request serious consideration of this recommendation. If I can make one more point, the suggestion has been made by previous witnesses that we stick with level funding for fiscal year 1982 with perhaps an inflation factor worked in. We do not believe that that is adequate to meet the requirements of law and particularly the new responsibilities under RCRA and Superfund.

Thank you.

Senator STAFFORD. Thank you very much, Mr. Burwell.

Carolyn Isber, you are next.

STATEMENT OF CAROLINE ISBER

Ms. **Isber**. Thank you.

Mr. Chairman, I should like to express my appreciation for the invitation to testify today. The administration has chosen to determine American environmental policy through the budgets for the Environmental Protection Agency. Since this budget is the focus of this policy implementation, it is therefore our focus as well today. However, the destruction of the environmental programs is a policy choice, not an economic necessity.

This committee is well aware that in addition to existing responsibilities, Congress requires that EPA protect the public from the toxic byproducts of the chemical revolution. This will require EPA to double its workload over the next several years. The Reagan-Gorsuch budget cuts EPA by 39 percent during exactly this period. That means EPA won't be able to do either its old or it new job. The air and water will become dirtier. And the public will not be protected against environmental toxics. One has to believe in magic, not management, to think that half the Agency can do twice as much.

This country's institutional capacity to understand and manage the environment will be destroyed if you do not stop this program right now. If the Congress does not act now:

The budget that pays for research outside EPA—20 percent of the 1981 Agency budget—will be cut by over 55 percent. This means an abrupt loss to the field of roughly 1,500 senior researchers and 4,000 to 5,000 of their associates and university laboratories, and the loss of the continuity of data bases. If the country decides several years hence it wants to regenerate its environmental research capacity, it will take 2 to 3 years to work that decision through the Federal budget process and to rebuild the structure of EPA supervisors and scientists capable of managing private research grants and contracts. Then it will take several more years for the universities to hire the senior researchers and then junior staff and graduate students, and to negotiate and actually perform the needed research. A decision to rebuild in 1984 would not get a flow of research results equivalent to the present program until 1990.

This budget's fourfold increase in workload per employee (twice the work, half the workers) means that EPA must lose enforcement credibility with both the States and industry. It simply won't be able to cover the ground. In hazardous waste, for example, the Reagan budget would cut the 1981 workforce (then devoted to start-up planning) 33 percent just as the program must start dealing with its 120,000 firms in the field. Once people stop believing EPA is serious about pollution control, it will be caught in a downward spiral. The smaller inspection force will be undermined by the fact that less people will voluntarily obey EPA rules, thus increasing the workload for EPA.

These consequences tend to reinforce one another. For example, the loss of scientific capacity hurts enforcement, and the loss of credibility in both fields further adds to the Agency's demoralization and consequent loss of the core of excellent, spirited civil servants that have grown with the Agency since its creation in the early 1970's. EPA has already lost or is now losing the cream of its senior civil service—the core of key people with the expertise, wisdom, and respect that are critical to any large institution.

Most joined the Agency during the Nixon and Ford years of the Agency's start-up growth and could not possibly be replicated for many, many years. A large number of these people have gone or will go into different lines of work and will simply not come back—taking with them an irreplaceable wealth of knowledge and experience.

The administration is requesting a major cut for EPA. As you know, in 1981 the EPA budget was $1,353 million. Now the budget request is $961.4 million which in real dollars is $830 million. This is the wrong direction. The polls show the American people want protection and are still willing to pay for it.

In fact, EPA needs an $826 million increase over its fiscal year 1981 budget if it is to seriously provide field protection to the public against environmental toxics in 1983 and beyond.

For example, we must insure that hazardous wastes get to safe permitted disposal sites, a task that requires working with 120,000 firms. This new program requires $180.3 million.

EPA must weed out the substances from the 55,000 chemicals in U.S. commerce that are dangerous. It must take special care to review those with which the public has extensive contact. Then it is required to take the necessary regulatory action. EPA must also review up to 1,000 new chemicals a year and to control some when necessary. This requires $123.3 million.

RESEARCH AND DEVELOPMENT

Since fiscal year 1981 the budgetary commitment to a good relationship with the academic community and better science will be reduced by over 55 percent. This, as other cuts, has been characterized as focusing, trimming or efficient management. Perhaps I would use a stronger word. I believe this cut represents a slash in the R. & D. budget.

These cuts mean more than just cutting the budget. You can destroy in a day what it will take years to rebuild, Cuts to the R. & D. budget and personnel will do just that. I should like to raise just a few of our concerns about those cuts.

WATER

One of the critical areas of concern in the water program is the effects of priority pollutants in water quality and the effects of hazardous pollutants.

Much of the water quality criteria need to be redone with a better data base. Water quality research is being reduced from $61 million in fiscal year 1981 to $27.7 million in fiscal year 1983.

The national mussel watch program run out of the EPA Narragansett Lab is one of the only programs to measure national patterns of toxic chemicals concentrated in living organisms. This program will be abolished.

TOXICS

We know very little about what most chemicals do to living creatures. For some important health effects we have no tests at all. For others we have very expensive tests. For example, we have no scientific tests which are widely accepted by the scientific community for neurological and behavioral damage to children or adults. Nor do we know how toxics move or travel through the environment. R. & D. efforts in monitoring, risk assessment, and multiple exposure are at a primitive stage technically.

The administration says the first round of tests are complete, yet there are many areas in which there are no tests for dealing with wastes in our air, land, and water.

The toxics R. & D. budget has been substantially reduced in the development of improved testing methods.

The administration budget claims that a number of research projects have been completed. I would be interested to know the criteria for determining the definition of complete.

Research in 1983 should focus on characterizing the behavior of chemicals in abandoned sites. We suggest that the Agency should do several intensive research studies to determine the most significant hazards.

This would help engineers design the best way of cleaning up the sites.

AIR

The Reagan-Gorsuch budget for air research is 42 percent lower in purchasing power than it was in fiscal year 1981. This sharp reduction comes at just the time the research program should be attempting to understand the highly complex behavior and effects of literally hundreds of suspect chemicals, both alone and in combination, in the atmosphere and in our lungs.

Virtually all toxicological research addresses only the effects of a single chemical in the laboratory. We know that some toxic substances can act in combination with others to produce more serious effects than either could alone, but we know almost nothing about how this occurs when organisms are exposed to varying and complex mixtures of toxic air pollutants, as they generally are in today's environment.

Health effects research, including clinical, animal, and epidemiological studies, provide the basis for setting standards to control pollutants.

When adequate scientific work is not available, EPA is forced into a Hobson's choice: Either it controls too stringently and makes industry spend millions, perhaps billions, in compliance costs, or it is too lenient, and the bill is paid in terms of preventable morbidity and mortality. Such research is expensive and time consuming, and the need to deal with so many hazardous air pollutants greatly enlarges the task.

Moreover, as in the water program's toxics control effort, control of hazardous pollutants creates an entirely new scale of problems in monitoring.

EPA and the Sates do not have adequate equipment for monitoring airborne toxics.

As a result, we do not know the seriouness of the problem across the country. In consequence, EPA cannot warn people of undue risk, nor can it use air quality mapping as an aid to enforcement. The level of research and development devoted to health effects and monitoring for air pollutants should be increased 27 percent to about $17 million.

The Reagan-Gorsuch budget proposes $7.7 million to support that activity, down almost 50 percent in purchasing power from the fiscal year 1981 levels.

STATE GRANTS SUPPORT

I do not believe it is possible to require the States to accept increased responsibility for expanding their capacity to cope with the new generation of hazardous pollutants, and at the same time decrease financial, technical, and scientific support.

The result could well be grave danger to our health. Correcting for inflation State grant purchasing power has eroded over time and there have been great new responsibilities added. The States are cutting back, not growing as they did during EPA's first decade. They are no longer able to take on a bigger share of the load. If the job is to be done at all, State grants need substantial expansion. States may begin returning programs to EPA at a time when EPA no longer has the capacity to run them. Then who will protect us?

CONCLUSION

We should not legislate such fundamental de facto statutory repeal through the budget process. If, as a nation, we conclude that the cost of protection from exposure to toxic chemicals and other pollutants is too high, Congress should defer or repeal significant portions of the wave of toxics legislation just now reaching the point of field implementation. In any event, the public should be involved in this debate.

The present attempt to cloak programmatic decisions in the budget process makes public debate impossible.

The administration's 39 percent cut in EPA's budget save, the equivalent of $2.68 per capita each year. Increasing the budget to make toxics implementation possible would cost $2.50 per capita. Is the protection worth such insurance premiums? Poll after poll reports that most Americans are willing to pay for clean air and water. They are almost unanimous in their anxiety to have more, not less, done to protect them from toxics.

Thank you.

[An attachment to Ms. Isber's statement follows:]

EPA Programs: Needs vs. Reagan Budget

	1981 Budget		Actual FY 83 Needs		Reagan-Gorsuch FY 83 Budget	
	Permanent Positions	Dollars (000)	Permanent Positions	Dollars (000)	Permanent Positions	Dollars (000)
OPERATING BUDGET						
Hazardous Waste[1]	892	138,872.7	2,386.8	346,838.9	661.3	111,308.6
Toxic Chemicals	775	109,904.1	1,776.1	285,112.1	641.6	72,440.7
Clean Water[1]	2,735	319,876.4	3,446.6	408,784.8	1,827.0	188,277.0
Clean Air	1,832	254,705.1	2,763.8	428,888.2	1,366.0	197,448.8
Pesticides	925	76,943.2	1237.3	116,874.0	689.8	50,620.6
Other[2]	1,473	237,772.7	1,228.1	313,700.5	1,086.1	146,085.6
Management	2,575	214,802.0	3,711.2	310,750.0	2,178.3	208,479.1
Total Operating	11,407	1,352,876.2	16,548.9	2,178,748.5	8,399.0	974,660.3
Superfund	142	78,000.0	965.0	690,000.0	554.6	275,000.0
Construction Grants		3,304,837.0				2,400,000.0

1. For comparison purposes, the hazardous waste and water quality figures have been adjusted to reflect such things as the subsequent expiration of the conventional solid waste program, the transfer of spill response duties from the water office to the new Office of Solid Waste and Emergency Response, and other minor adjustments.

2. Contains drinking water, radiation, noise, and other minor programs, plus certain special items (such as the conventional solid waste program) that have been subtracted from the hazardous waste and water quality media for comparison purposes (see footnote #1).

Senator STAFFORD. Thank you very much for an excellent statement. Now we will hear from Mr. Johnathan Lash of the Natural Resources Defense Council.

STATEMENT OF JOHNATHAN LASH

Mr. LASH. Good morning. I would like to briefly supplement my written tesimony.

I heard you say earlier that you were considering spending more time in Florida. My own dream has always been to be able to spend more time in the Green Mountain State. So I hope you will leave a space for me.

I will focus on the effect of the budget and certain of EPA's recent policies on the State programs. I will take a slightly different viewpoint than some of the earlier witnesses have and examine the history of the Federal-State relationship on the environmental laws.

During the fifties and sixties, Congress passed laws which were basically hortatory and encouraged the States to take a role in controlling pollution. The result was increasing frustration on the part of the public and the Congress and finally in 1970, in the words of the Supreme Court, Congress decided to "take a stick to the States" in the form of mandatory requirements overseen by the newly created Environmental Protection Agency.

The stick, of course, was also accompanied by the carrot of State grants and Federal assistance.

A series of laws were passed in the 1970's which were considered major innovations in the way in which the Federal policy is implemented by the States.

Congress decided to adopt Federal standards only partly because of frustration with the States' ability to achieve environmental goals of their own. In addition, in the language of the House Commerce Committee report on the 1977 Clean Air Act amendments Congress found that the pressures on the States were very great. "Those States desiring to retain clean air will have little hope of maintaining superior air quality without national guidelines because the pollutants from other areas will be carried into other States and industry will ask States to relax their standards with the threat of relocation in other more permissive States." That phenomenon—the pressure to sink to the lowest common denominator—is one that can rearise at any time the pressure of Federal standards is removed.

Finally, there is a need for national consistency so that industries operating nationally face the same standards in each area. As many of the witnesses have mentioned this morning, the tasks involved in the environmental regulation are highly technical and require technical expertise and research of the level of sophistication that few States can hope to achieve. The work must be done at the Federal level.

EPA, of course, wields a carrot as well as a stick in the form of a mountain of technical and financial assistance.

The technical assistance is critical, not simply in the form of research, which is extraordinarily important, but in the form of technical backup for the complex decisions that the State officials have to make under each of the environmental statutes. It would be grossly inefficient for each State to maintain the necessary technical staff. The financial assistance should not be regarded as a subsidy to the States, since the States are carrying out a Federal policy mandated upon them by the Federal laws. The financial assistance provided by EPA is in essence a payment for services rendered. Without the payment the service will be terminated.

When Administrator Gorsuch testified before this committee last Tuesday, she assured the committee that the 1983 budget represented no diminution of Federal commitment to environmental quality but simply improved management of the Federal-State relationship. We think that simply is not borne out by the facts of the budget. We have since the fall of 1981 contacted every State environmental office in all 50 States to inquire about their levels of funding, the resources available to them and their ability to undertake additional regulatory paths. We have substantial data on 44 States; their response is extraordinarily revealing.

Every single one of the 44 States for which we have data predicts it will suffer an overall reduction in resources during the coming year.

Many face reduction both in Federal funds and State funds. Thirty-four of the 44 States on which we have substantial information say they cannot carry out additional regulatory responsibilities. Only one State, Louisiana, believes it can carry out additional responsibilities. As you have heard earlier this morning, two States have returned programs to EPA because they could not fund them. Others are considering similar action and five other States say that they may be forced to reduce compliance because of their lack of resources.

Here are some examples that I have seen in the newspapers just recently: Missouri Department of Natural Resources, reports that polluters laugh at their efforts to enforce the State's air, water, and hazardous waste laws because the polluters know that the State simply has no resources to bring any enforcement action.

The Baltimore Air Pollution Control Division was recently shut down.

As Mayor Duehay stated, a study prepared for Congressman Tom Downey revealed sharp cutbacks in Long Island. Monitoring of the effectiveness of powerplant pollution controls have been halted in Illinois.

All of this has been accompanied by a series of actions on the part of EPA which signal a wholesale retreat from responsibility for establishing minimun standards and enforcing those standards and monitoring State compliance.

In an ongoing negotiation over a litigation over certain clean air standards in the case of Chemical Manufacturers Association against Gorsuch, EPA has agreed, without public notice or comment, to abandon a number of clean air standards previously promulgated, including important provisions that provide incentives for State compliance in the development of new State implementation plans.

We recently learned that the EPA region 4 Administrator granted Alabama permission to downgrade a number of Alabama streams to industrial quality, essentially an open sewer That permission had previously been denied because of the fear of health effects on nearby Birmingham residents.

Then perplexingly, the region 8 Administrator refused to delegate the PSD authority to the State of Colorado. Published reports said that the refusal was based on fear that Colorado would be overzealous in protecting its own air quality.

The effect of all of this is to lead one to conclude that they have cut the carrot from the budget and buried the stick.

In terms of carrying out its own regulatory responsibilities, EPA has given the same signal to the States and to the Nation.

We reviewed the regulatory actions taken by EPA since publication of January 1981 regulatory agenda.

Of the 146 actions listed, 78 have been delayed more than 2 months, 40 have been canceled or withdrawn and 1 minor regulation has been completed. Eighteen new regulatory proceedings have been initiated of which at least 11 were weekend procedures.

In a case that has long been pending, known as the Flannery decision on toxic water pollutants, when EPA began falling far behind the schedule and we filed an action in court to find out why, we were told because of the budgetary resources provided under the budget submitted by Mrs. Gorsuch last year were inadequate.

The Agency recently decided that there was insufficient data to regulate formaldehyde under the Toxic Substances Act but at the same time has cut the funds available for testing such toxic substances to determine their effect on hunan health.

Under the Freedom of Information Act, we received enforcement data from the Agency that revealed that during the first 7 months that Mrs. Gorsuch was in office from May through December 1981, only 28 cases, enforcement cases, were filed in Federal Court—an annualized rate that is about 74 percent below the rate of the previous year, nearly 70 percent below the rate of the previous 4 years.

We, of course, are advocates. We are environmentalists. Some may view our assertions of what is happening at the Agency with some skepticism.

I would ask you, however, is there anyone outside of the 12th floor of the EPA, be he from industry, State official, your own staff, the press, who contends that the Agency is better run now than it was several years ago or that it is better able to protect the public from the effects of pollution.

Secretary Tschinkel made a very good point when she said that they are better able to cite powerplants because of the public's faith in their decisions and in the new source performance standards.

A recent poll taken by the chamber of commerce indicated, asked the question whom would you trust for information about changes in the Clean Air Act.

The highest rating was for EPA, 72 percent would trust EPA, 70 percent would trust the environmentalists, 37 percent would trust industry.

If that trust is broken down, the entire process of environmental regulation will become more difficult and I fear that the EPA policies that are embodied in the new budget will begin to break down that credibility.

Thank you, very much, Senator.

Senator **Stafford**. Thank you, very much, Mr. Lash. Let me address one question to you.

From your testimony, obviously all of you would feel that a continuation of funding for EPA at the 1982 fiscal year levels would be inadequate for the responsibilities the Agency has.

But assuming that the practical situation is that may be all that can be accomplished, notwithstanding the wishes of the members of this committee, would you supplement some of the cut programs more than others?

Should we face this situation?

Mr. **Burwell**. Senator, the estimated 1982 operating funds for EPA are $1.86 million.

That would be about $120 million more than the EPA proposal. That, of course, is better than nothing, but we feel woefully insufficient to meet its needs.

My suggestion would be that most of the funding go to extramural R. & D. or State grants simply because, if the funds are given directly to the Agency, we fear that the Agency will simply not spend the funds and file a rescission request next year.

Therefore, get the funds out of the Agency to the State officials who need them to implement their programs and get them into the programs like the ecosystens center at Cornell where the money will be spent and the product produced.

Senator **STAFFORD**. Thank you.

Is there any further comment?

If not, let me express our appreciation for the committee to you for helping us in considering this very perplexing problem of EPA's budget.

Thank you, very much.

[Whereupon at 12:10 p.m., the committee adjourned, to reconvene at 10 a.m., Monday, March 1, 1982.]

[Statements submitted for the record follow:]

TESTIMONY OF

VICTORIA J. TSCHINKEL, SECRETARY
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

ON BEHALF OF THE
NATIONAL GOVERNORS' ASSOCIATION AND
THE STATE OF FLORIDA

ON

THE IMPACT ON THE STATES OF THE PROPOSED FY 1983
ENVIRONMENTAL PROTECTION AGENCY BUDGET

BEFORE

THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

FEBRUARY 26, 1982
WASHINGTON, D.C.

My name is Victoria J. Tschinkel, and I am Secretary of the Florida Department of Environmental Regulation. I appreciate this opportunity to tell you how the proposed Environmental Protection Agency budget for fiscal year 1983 relates to Florida's environmental quality programs, and I hope and trust my comments will reflect some of the views of our colleagues in other states, as well. In addition, the National Governors' Association has also asked me to advise you of its concerns over the EPA budget and the turn back of federal environmental programs to the states.

Governor Bob Graham appointed me Secretary of the Department of Environmental Regulation a year ago. Prior to that, I was Assistant Secretary, Assistant to the Secretary, Environmental Specialist and Field Inspector in the agency. A zoologist by training, I have spent my entire career in environmental work, including positions in teaching and research before joining Florida's state government in 1974,

Today, I would like to briefly discuss five basic issues: the premises underlying the EPA budget, and how the budget proposal itself addresses those premises; some economic considerations, especially at the state level; practical considerations which should be considered; the need to maintain credibility in environmental ecision-making; finally, I will review the basic implications of the proposed budget for each of our major environmental programs.

Budget Premises vs. the Budget Proposal Itself

Overall, we agree with the need for a rational, orderly system of environmental regulation which is well-managed, efficient and results-oriented, but this must be accomplished within the framework of absolute protection of public health and our environment which Congress intended when it passed the substantive environmental laws.

We concur fully in the four basic policies EPA enunciated as underlying its budget proposal: (A) Management of environmental programs to achieve environmental results and to reduce unnecessary burdens on the regulated community, state and local governments and the public; (B) Elimination of backlogs; (C) Simplification and clarification of requirements on the states, and increased state responsibility for administration of environmental programs; and (D) Elimination of duplicative efforts and increased accountability.

We also agree with the resource distributions which are based on these policies: Construction grant reform; priority for hazardous waste programs, improved enforcement efforts; research and development for environmental results; and state grant efficiencies.

However, we do not agree that the proposed budget would carry out these policies, and we do not think the proposed budget would carry out the legislative intent of federal environmental laws.

Indeed, the budget cuts the very funds states need to assume additional delegation of federal programs while at the same time cutting EPA programs on which we rely most heavily because they are not available at the state level.

Adequate state program grants are essential if states are to accept additional delegations, and even if they are to keep the ones they have.

EPA must be adequately funded in the areas of research and development, legal support and regional office operations to support state operations. These are legitimate divisions of responsibility which were envisioned by Congress when it passed substantive environmental laws, such as the Clean Water Act, the Clean Air Act and the Safe Drinking Water Act.

Reduction of state program grants by some 20 percent overall would severely set back efforts to transfer additional responsibilities to the states. It would come at a time when the federal laws, which have become more numerous and complex due to technology and the discovery of new environmental hazards, require even more effort by the states. Because of these procedural and technical complexities, delegation of programs to states has been a gradual process which could be suddenly reversed by reductions in program grants.

In Florida, for example, we have accepted delegation, either fully or partially in the drinking water and air quality program. We are in the process of accepting primacy or seeking delegation in areas such as the NPDES program, hazardous waste, underground injection control and sewage treatment facilities construction grants.

I might just say that during the several years we have been working to comply with EPA requirements so we might be delegated these programs, we have also had to convince our state legislature that we should seek delegation. In our arguments to the legislature, the federal program grant monies have been a big selling point. The business leaders in Florida have alwo supported us in these efforts, along with environmentalists, to reduce duplicative governmental permitting and to gain greater control of our State's environmental destiny.

But with these groups, too, the most persuasive argument for seeking delegation has been the federal grants, lessening the need to drain state general revenue monies.

Reductions in federal program grants at this time could erode or eliminate this base of support we have built with our legislature, businesses and environmentalists. Not only might it impede our efforts to gain future delegations, but it could very well lead to a call for us to turn back those we have to the federal government.

To show you the degree of success we have achieved, consider the fact that the DER budget, which includes nearly identical regulatory programs to those administered by EPA, now shows 33 percent federal funding of its $20 million total. Our water program, with a budget of nearly $10 million, is 13 percent federally-supported: our air program, with a budget of more than $3.3 million, is 21 percent federally-funded: newer programs, such as underground injection control and hazardous waste, range from 48 percent to 90 percent federal funding.

By contrast, the proposed fiscal year 1983 EPA budget would reduce grants for water quality programs by 20 percent, grants for state air quality programs by 20 percent, hazardous waste program grants by 16 percent, and solid waste management program grants have been eliminated entirely.

To summarize our position on state program grants, I would like to quote from two letters written by members of the National Governors' Association, copies of which are attached to my statement. In a letter to the President, NGA Chairman Governor Richard Snelling wrote: "To help control federal spending and to provide needed stability in state budgeting, we propose -- as your budget plan of March 10 suggested -- level funding in non entitlement grant programs in FY 1983 and 1984 with no adjustment for inflation."

Governor Rockefeller, Chairman of the NGA Committee on Energy and Environment, wrote to OMB Director Stockman: "Funding for state management of environmental programs in air, water and waste management should be continued at the current FY 1982 levels."

The three areas of EPA's internal operating budget in which we are most interested are the regional offices, which are our first line of contact; the EPA research capability to support economically justifiable standards: and legal support, to defend the standards. Perhaps the reductions of $62 million in research activities and 32 workyears in legal support are supported by some cost-benefit analyses conducted by EPA, but we are not aware of any. These are services which are crucial to the states, and we strongly support adequate appropriations for them. There are some very practical considerations in these areas, which I will discuss further in a few moments.

There is one other area in which we feel the EPA must maintain its strength -- it must retain the ability to assume jurisdiction over programs it has delegated to states, but which, for one reason or another are being administered inadequately. This ability is important to the states, to EPA and to the environment. Without it, states will face pressures from regulated interests to weaken standards; or their enforcement. With it, these interests can be allies of the state. They'd rather work with a state than with a distant federal agency.

Now let me describe for you some economic considerations, especially those relating to our state-level problems, which I think relate to your deliberations.

Economic Considerations Relating to Environmental Protection

Some would say Florida is not a typical state to use when discussing states' economic problems. But I can assure you that we have, to a greater or lesser extent, the same economic problems as other states. Even Florida's tremendous population growth is a mixed blessing for our economy, and certainly for our environment.

Florida is growing at the rate of 1000 new residents a week. One article asserted that at our present growth rate, it will be as if the entire state of Massachusetts moved to Florida over a 20-year period -- no disrespect to that fine state intended. Also, 38 million persons a year visit our state. But all these new residents and visitors create a need for more sewage disposal plants, and drinking water facilities, solid waste disposal facilities, electric power generating plants; so they also create needs for hospitals, fire and police protection, for roads, and for a host of other services which compete for funding with our environmental protection needs. To meet these needs, our state and local governments are trying desperately to raise the huge sums of money which are necessary, at a time when our taxpayers are demanding relief. Although we may not have tax-cutting initiatives on the scale of California and Massachusetts, we do have something approaching a local taxpayers' revolt over property taxes. Florida's citizens are demanding property tax relief, and at the same time state revenues are declining.

State revenues are declining because, unfortunately, our status as a Sun-Belt growth state does not protect us from the effects of the national recession. Florida is experiencing a $235 million shortfall in state revenues this year, and state revenues are forecast to be off an additional $250 million in our next fiscal year. And, although Florida has made progress diversifying its economic base, it is still heavily dependent on its two economic mainstays -- tourism and construction -- which are so harshly affected by recessions.

To meet the revenue shortfall, Governor Graham issued last Friday an executive order which freezes state hiring for both permanent and part-time positions, and reduces other categories of expenditures, such as expenses for travel and purchases of supplies, to the absolute minimum necessary to conduct state government operations.

In the Department of Environmental Regulation 40 of our 725 positions are vacant and frozen, along with any future vacancies. Besides the hiring freeze, the Department has reduced its expense and data processing funds this year by nearly a quarter-million dollars.

Also, our State Senate is at this very moment considering cutting 46 water quality positions from our staff. The Senate would use the money saved through this crippling slash of our water quality program to fund $1 million in pay raises for employees in our department.

We are competing in the legislature for scarce funds also sought by other agencies to make up for federal budget cuts in health and rehabilitative services programs, transportation and many other important areas. State funding has also been diverted to fight crime and drug problems in South Florida. Some $40 million in new funds excluding salaries, have been allocated for these problems, along with an additional $67 million to build more corrections facilities. These crime and drug problems have, of course, been worsened by the heavy influx of refugees into our state.

There is serious question whether other states have the fiscal capacity, given current economic difficulties, to offset proposed reductions in federal support. For example, Washington State is facing a $500 million budget defecit by October, with no prospect of its legislature increasing current spending levels. Proposed federal cuts would impede efforts to control hazardous waste discharges into Commencement Bay near Takoma, due to staff reductions in the NPDES permit program.

Rhode Island officials report that state funding for environmental programs has been reduced by 10 percent. Additional federal cuts will result in reduced monitoring of municipal and industrial discharges, stream quality, and public drinking supplies. General concern is expressed that reduced monitoring will undermine enforcement credibility.

New Jersey reports similar concerns, with no expectations of state funding to replace proposed reduction in federal support.

Alabama officials indicate that its legislature is considering a 44 percent reduction in state funds for air, water, and hazardous waste programs.

The point to be made here is that any additional federal cutbacks in support of state programs will be cumulative to our own state reductions which we have been forced to make because of the recession.

Florida's rapid growth also complicates our department's workload program. Just in the area of permitting alone we will process 16,000 permits this year, versus 12,000 only two years ago. These permit applications are growing ever more complex, as well, requiring a better-trained staff.

Through it all, we are trying to maintain the level of environmental protection mandated by federal and state environmental laws, and demanded by our citizens. After all, Florida's environmental quality is why so many persons move to our state and vacation there in the first place.

Every indication is that an overwhelming majority of Florida's ten million residents favor vigorous, effective programs to protect our air and water quality. Seven of ten respondents to a survey by Florida State University echo national polls in that they said they favor strong environmental standards, even at the expense of further economic development. We cannot and should not ignore sentiment this strong and deep.

Surely we must acknowledge that a great deal of the progress we have made in improving Florida's environment and the programs to protect it has come with the help of federal assistance. Let me just cite a few examples.

Escambia Bay, near Pensacola, had 73 pollution-caused fish kills in its main body and adjoining bays in 1970, earning it the unenviable title of the fish kill capitol of the nation. Florida requested federal help to trace the sources of the pollution and to initiate enforcement efforts. After implementation of the federal-state program, fish kills diminished to the point that today, they are rare. An EPA follow-up test involving the release of a million striped bass to the bay's Escambia River tributary found that half survived, and of the half that died, more were eaten by other fish than died of pollution.

A City of Tampa treatment plant discharging to Hillsborough Bay was responsible for health department signs warning that the waters were "hazardous to body contact." Today, after construction of an advanced waste treatment plant with the help of federal grant funds, a large portion of the bay is safe for swimming, with continuing improvement.

Similarly, the St. Johns River, which flows past Jacksonville, is improving dramatically after more than 50 raw sewage outfalls were removed from the river with the help of federal grant assistance.

In the program area, Florida's air quality program was once considered one of the least effective in the Southeast. With the help of federal grant funds, we have improved the program to the extent that it is now considered a model program. The World Health Organization uses Florida's procedures as guidance for development of effective air pollution control programs in other countries. Needless to say, these projects benefitted our state and local economies as well.

Finally, let me make a point which is perhaps both economic and philosophical. That is, that environmental protection is, in our experience, a "pay me now or pay me later" proposition. We must recognize that if we do not adequately fund environmental protection programs now, clean-up will cost much more later due both to inflation and the methods which must be employed. Restoration of environmental resources is much more expensive, and much less effective, than protection of the resources initially through adequate environmental safeguards. We have seen this demonstrated through such programs as the sewage treatment facilities construction grants program and the hazardous waste Superfund clean-up program, both of which can be thought of as "catch-up programs" against past degradation and both of which reflect high costs of restoration.

Now let me turn to a few practical considerations in connection with turning back environmental programs to the states.

Practical Considerations: Federal and State Responsibilities

In any discussion of turning back federal programs to the states, changing federal grant support to states, and revising EPA's own budget, there are practical aspects which must be considered, including mechanical and procedural considerations, even perhaps political ones. Also, the division of responsibilities between the state and federal agencies should be rational and supportive of our environmental goals.

An important factor in any transfer of responsibilities to states, as well as any reductions in federal grant support, is the amount of lead time the states are given. Abrupt transfers of programs or outright withdrawal of federal funds would be chaotic.

This is not to suggest we do not want to assume the programs. Because of our great stake in environmental protection programs, we are attempting in Florida to assume all possible delegation of federal programs. The reason we are seeking delegation of groundwater and hazardous waste programs is very simple. Ninety-two percent of our citizens get their drinking water from underground supplies. We seek delegation of the sewage treatment facilities construction grants program because our local governments will need $1.5 billion for construction of sewage disposal facilities between now and 1985, and we want to make sure we help them take maximum advantage of the federal grant program through eliminating duplicative reviews and paperwork.

But we must assume these programs on a phased basis. Starting now, we expect it will take us 18 months to assume full delegation of the construction grants program, and that's provided that federal monies are available to help our department administer the program. Programs with diminished federal grant support would obviously take longer.

Clearly, we will find some areas where we will need to go to our state legislature to ask for necessary authority or even state funds. But for this, synchronization will be needed because our state legislature is now in session for another month or two, then will adjourn until April 1983. Actions taken in the 1983 session, if they involved state appropriations, would not take effect until the state fiscal year begins July 1, 1983. Any federal actions which take effect beginning October 1 could not be followed up by state action until a full nine months later. We understand from our colleagues in Georgia that their problem would be even worse: the timing of their budget cycle would lead to a lapse of a full two years between federal actions and the state's response. Timing is an important consideration.

Besides that, I have already mentioned our need to "pave the way", in a sort of political sense, with our state legislature and interest groups which have previously supported our programs, and especially our acceptance of federal programs. My "worst-case" scenario would be, as I indicated, that our state legislature, our state's business leaders and our environmental groups all would withdraw support of our efforts to obtain additional federal delegations, perhaps even forsaking the ones we already have.

Pollution is an interstate problem in many cases. It is essential that we continue to have a functioning federal agency to deal with multi-state issues such as acid rain, pollution of interstate rivers and protection of groundwater quality for states where aquifer recharge areas are in another state. If the EPA role in these areas diminishes, states will take matters into their own hands with resulting endless legal disputes and perhaps even "pollution wars."

We have been struggling with this problem, for example, on the Apalachicola River. The river passes through Georgia and Alabama before reaching Florida's Apalachicola Bay. Our sister states are interested in the river for the navigation it provides, while we are interested in protection of the rich oyster harvests of Apalachicola Bay. It has been incredibly difficult to reconcile these differing aims. Just when we thought we had the issue settled, with the federal Water Resources Council to act as mediator, that agency's funding was ended.

We heard of two states with power plants facing each other across the Ohio River, who were unable to resolve whose power plant was having a cumulative impact on whose air quality. And, of course, not only do we have regional tensions over the origins and transport of acid rain, the dispute has even been elevated to international status, with our neighbors in Canada.

The EPA should continue its lead role in setting national performance and technology-based standards and development of minimum air and water quality criteria. Lacking defensible national standards based on adequate research, states would be forced to set the standards based on generally inadequate technical capabilities. Consequently, we could be faced with the grim prospect of litigating a given standard simultaneously in dozens of states, each with varying degrees of technical justification. The result would be a gross waste of resources both for regulated interests and the states.

To illustrate this, I have used the example of New Source Performance Standards (NSPS) for coal-fired power plants. The utility companies blocked our efforts to adopt NSPS standards for coal-fired power plants, and if it had not been for EPA's standards and its legal staff to defend them we would not have been able to site any coal-fired power plants in the State of Florida. This case involved not only environmental considerations, but implications for our national and state efforts to achieve energy independence as well.

The critical point here is that in these highly complex and technical areas, EPA must have adequate research capability to develop sound technology-based standards, and the legal staff to defend them in ensuing litigation. We do not see this commitment to research and legal support in the budget proposal for EPA. These areas should not be cut.

Another area of EPA operations we strongly support for adequate funding is regional operations. We support adequate funding for its regions for all the reasons I have just indicated. Also, the regional office, which has been our first line of contact for technical guidance, will assume increasing importance in assuring that programs delegated to states are transferred smoothly and properly. EPA's regional offices can serve the state's needs directly and efficiently, just as our own field offices serve the direct needs of our citizens.

The final general area I'd like to touch on today involves many of the issues I've just discussed, plus what we might consider an elusive emotional factor: That is, the need for competence in our environmental programs and in environmental decision-making.

Credibility of the Environmental Decision-Making Process

If it is true that we need federal and state environmental programs, each with defined roles and responsibilities, then it is true that we need competent, top-quality personnel in the environmental regulation system to carry out these roles and responsibilities in a credible manner.

Business leaders in Florida have told us time and again that they want to face competent professionals when they come to us for regulatory decisions, and they support adequate funding to staff our agency with high-quality personnel. It simply costs money to get good environmental scientists and engineers; and some specialties cost more than others. The demand in the national market for groundwater experts, for example, far outstrips the supply. Any geology publication you pick up these days carries page upon page of advertisements for hydrologists, hydro-geologists, and other groundwater specialists. In Florida, we are seeking to mitigate this problem though a "quality improvement" program we have proposed to the 1982 legislature. The program will, if adopted, help us to attract and hold environmental scientists and engineers we need through revised salary scales and salary differentials.

Given the need I have explained for EPA to establish scientifically-justifiable standards which they can also legally defend and communicate through their regional offices, the requirement for high-caliber personnel there is also apparent. Accordingly, I would urge that any funding decisions regarding EPA itself, as well as funding levels for state assumption of federal programs, take into account this need for highly-qualified people.

Now having made these general points, I would like to conclude with an analysis of specific program areas and the specific impacts that reducing federal program grants would have on Florida.

Specific Program Issues

For purposes of this analysis, I would like to use a general figure of 20 percent reduction of federal program grants across-the-board. This will simplify the analysis, even though I realize there is some variation among programs in the fiscal year 1983 budget proposal.

No matter what the ultimate level of program grant funding, there is an immediate need to allow increased flexibility to the states in their use of federal grant funding. For that reason, Florida supported the proposed Integrated Environmental Assistance Act of 1979, which would have allowed up to a 20 percent shift of grant funds from one program to another. If we are to meet the goals of increased shifts of responsibility to the states, funding flexibility must be provided and Congress should provide this flexibility by Statute. States need the flexibility because air and water grant funds have generally remained at a constant level over the past several years, while overhead costs and salaries have increased because of inflation and increased responsibilities. In coming years, states will be faced with difficult decisions as to which functions should be deleted from the various programs.

Meanwhile, to provide some immediate flexibility, we would recommend that states be allowed unrestricted use of a part of the funds authorized under sections 205 (g) and 205 (j) of the Clean Water Act. We would hope to be able, with such flexibility, to offset losses in our water quality program, as well as assume the construction grants program. However, it is not yet certain what degree of flexibility will be allowed in the use of these funds. This should be clarified, with a view toward granting as much flexibility to the states as possible.

In our air quality program, the proposed budget would result in the direct loss of $140,000 and five positions. If our Florida air program were overstaffed, this would not have an adverse effect. But the program is not overstaffed. We just barely have the necessary resources to implement a statewide program. The effect would be to reverse some of the progress made during the last several years, prevent new initiatives, and slow down the delivery of services.

Also, Six approved local air quality programs in Florida would lose some $175,000 in federal grant funds. This would directly affect our statewide air quality program, since these programs provide half the total required manpower in their areas, which are the major metropolitan areas of the state. Since the state could not pick up this funding, there would be reductions in ambient air monitoring, complaint investigations, and many other important areas. No new programs, such as monitoring for toxic air pollutants, could be initiated.

While it may be true our air quality problems in Florida are not as serious as some other areas, we do have them. All of our major metropolitan areas are classified as non-attainment areas under the Clean Air Act criteria. We do need vigorous, effective air quality program in Florida as our population expands.

In our drinking water program, we would be reduced by $200,000 and eight positions. Public water system sanitary surveys, which even now can be conducted only every three years, would be extended to five-year intervals. Our citizens and millions of tourists would wonder, rightfully, if their drinking water is being properly protected.

In our water quality program, conducted under Section 106 of the Clean Water Act, $260,000 in funding and ten positions would be lost under the proposed reductions. These would be in the areas of dredge and fill, permitting and compliance assurance, and in monitoring. A state law requiring us to process permits in a "time certain" would come into play, and inadequate staffing would result in our issuing permits by "default", whether or not the projects would harm the environment. Reduction of our monitoring program for water quality would prevent us from determining what progress we are making in controlling water pollution.

In our groundwater program, which is only now beginning to mature, the major source of Florida's drinking water would be threatened. The projected $25,000 reduction in funding for our underground injection control program would be felt most critically in the permitting of deep municipal and industrial wells and of shallow injection wells.

Another critical emerging program is our hazardous waste control effort. We have identified 159 uncontrolled hazardous waste sites in Florida, and 16 of these sites -- more than any other state -- were placed on EPA's initial eligibility list for Superfund clean-up funding. Consequences of the projected $175,000 reduction in this important program would include curtailment of uncontrolled sites identification and clean-up, along with the possibility that Florida would be precluded from receiving authorization to administer a state program in lieu of a federal one.

There are a number of questions relating to the newly-reauthorized sewage treatment facilities construction grants program. Already, because of the level of funding, we have recommended to Governor Graham that he consider reduction of the federal funding share to 55 percent from 75 percent, so we may stretch the funds further among our local governments. Also, future restrictions on the types of facilities which may be constructed with grant funds, along with the future prohibition on building facilities to serve population growth, will have a negative impact on growth states such as Florida.

Today, I have tried to show you that a growth state such as Florida has severe stress on its environmental quality, but at the same time its Sun-Belt growth status does not protect the state from the effects of the recession. At the very time our citizens want and need more environmental protection, we are confronted by both federal and state budget cuts.

Nevertheless, we support the premises of the 1983 proposed budget for EPA, and would hope the actual funding will conform more closely to these worthwhile goals. States will need lead time and continued federal funding assistance to accept federal environmental programs.

And a credible and competent environmental regulatory system, including especially the Environmental Protection Agency, is needed if we are to avoid regulatory "backlash" and wholesale confusion among the states. Pollution knows no boundaries, and is frequently an inter-state or regional problem. It is especially important to have qualified, top-quality professionals in the areas of research, environmental law and regional operations to develop and support national standards and assist the states.

Thank you for your kind attention.

National Governors' Association

Richard A. Snelling
Governor of Vermont
Chairman

Stephen B. Farber
Executive Director

December 4, 1981

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

As your first year in the White House draws to a close, I want to express, on behalf of the nation's Governors, continued support for your goals of strengthening both our federal system of government and our national economy. As you noted in a recent interview, the Governors were of significant help to you in both areas this year.

Although we did not obtain as much flexibility to administer federal programs as we (and you) would have liked, and although we did not see eye-to-eye on all budget issues, the numerous meetings we have had with you have been useful and productive from our viewpoint, and I hope from yours. We appreciate the progress that has been made in consolidating grant programs and in streamlining federal regulations, and we want to continue to work with you in pursuing these important objectives.

At the same time, we must report to you that while we continue to support your broad goals, we disagree in some specific areas, as we indicated to you on September 24, on the best means of achieving them. There is strong bipartisan concern among the Governors that further drastic reductions in federal domestic programs cannot be pursued without inflicting additional hardships on those in need. Similarly, while we fully support your goal of strengthening our military defense capability, we also believe that a sound economy, an adequate transportation system, and a well-educated and highly-trained workforce are also essential to our national security.

In accordance with these concerns, our Executive Committee and Standing Committee Chairmen would like to emphasize the following points:

1. To help control federal spending and to provide needed stability in state budgeting, we propose -- as your budget plan of March 10 suggested -- level funding in nonentitlement grant programs in FY 1983 and 1984 with no adjustment for inflation.

2. Pursuant to our sorting out agenda, we propose that any further cuts in discretionary grant programs be accompanied by comparable increases in the federal share of Medicaid and AFDC. We oppose efforts to reduce the federal responsibility for these income security programs.

3. Cuts in entitlement programs to date have been focused disproportionately on those based on need, particularly the state-federal programs, AFDC and Medicaid. As further spending reductions are considered, we believe that defense, indexed entitlements, and tax expenditures must all receive close scrutiny.

4. If the economic recovery program is to succeed, we believe that the nation's public works and capital infrastructure needs must be more effectively addressed. The current impasse over funding for the wastewater treatment construction program for FY 1982 must be resolved immediately.

Finally, because we believe that the potential for cooperation between the federal government and the states has not yet been fully tapped, we propose that your Administration join with us in a domestic summit to develop a consensus for achieving the goals that we share. This summit could involve the bipartisan leadership of the Congress and the National Governors' Association, as well as elected local officials. Its purpose would be to agree on specific goals for reducing the federal deficit and to devise an equitable distribution of resources and responsibilities among the federal, state and local governments.

Under your leadership, I believe that a domestic summit could significantly aid you in developing a consensus on what will be otherwise intensely divisive issues in the years ahead. As such, it will bring the nation tangible benefits in terms of a stronger economy and a more responsive political system. Equally important, it would dramatize, as few other steps could, the depth of your commitment to restoring our federal system.

Sincerely,

Richard A. Snelling

Governor Richard A. Snelling

National Governors' Association

Richard A. Snelling
Governor of Vermont
Chairman

Stephen B. Farber
Executive Director

December 11, 1981

Mr. David A. Stockman
Director
Office of Management and Budget
Old Executive Office Building
Room 252
Washington, D. C. 20503

Dear Dave:

As you approach key decisions on the FY 83 budget, I want to call your attention to the National Governors' Association's priorities in energy and environmental programs. As you know from last week's White House meeting, the NGA Executive Committee has urged that discretionary grants to state and local governments not be cut below already reduced FY 1982 levels. The NGA Energy and Environment Committee, made up of 22 Governors, strongly supports this stance and would make the following additional specific recommendations:

- Funding for state management of environmental programs in air, water and waste management should be continued at the current FY 82 levels of $87.7 million, $51.2 million, $41.7 million, respectively.

- Funding for construction grants for FY 83 should be provided at the $2.4 billion level that we both have supported for FY 82, pending approval of the reform legislation.

- Funding and implementation of Superfund should be pursued vigorously in FY 83.

- Funding of the state energy conservation programs and the low income weatherization program should be equal to the FY 82 Congressional appropriation aggregate level of $236 million.

Funding for the management of environmental programs is particularly critical if we are to achieve our mutual goal of greater delegation of authority to the states. Without such funding, many Governors may have to return enforcement authority to the federal Environmental Protection Agency. Moreover, consistent with our sorting out efforts in federalism, we believe that federal funds must be provided where federal mandates must be met.

As you know, the Governors have supported efforts to reform the construction grants program, and reduce long-term federal financial liability, with the understanding that a continued federal annual appropriation of $2.4 billion would be provided to fulfill the federal responsibility.

In the area of Superfund, we remain concerned over the slow progress in implementing this vital program. The Governors supported this legislation overwhelmingly, and we expect these fee-generated funds to be made available on an expeditious basis.

Finally, we remain committed to the need for federal support for state energy conservation and low income weatherization activities. These programs are needed to ease the transition for consumers to deregulated energy prices which the Administration and the Governors have actively supported. These programs saved $5.40 for every federal dollar invested in 1979 and have received strong support in the Congress.

I urge your favorable consideration of these vital programs.

Sincerely,

Jay Rockefeller

Governor John D. Rockefeller IV
Chairman
Committee on Energy and Environment

NOTE: Same letter sent to Edwin Meese, Counselor to the President; and James Baker, Chief of Staff.

TESTIMONY OF
KENNETH A. HAGG
MASSACHUSETTS DIVISION OF AIR QUALITY CONTROL
ON BEHALF OF THE
STATE AND TERRITORIAL AIR POLLUTION PROGRAM ADMINISTRATORS (STAPPA)
BEFORE THE
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
FEBRUARY 26, 1982

Mr. Chairman and Members of the Committee, my name is Kenneth A. Hagg. I am the Director of the Massachusetts Division of Air Quality Control. I am here today on behalf of the State and Territorial Air Pollution Program Administrators (STAPPA), the national association representing state air pollution control officials. The agencies STAPPA represents have been given the primary responsibility under Section 101 of the Clean Air Act for preventing and controlling air pollution. Accompanying me today is William Becker, STAPPA's Executive Secretary. We appreciate the opportunity to testify here today regarding the Environmental Protection Agency's proposed budget for FY 1983 and, in particular, federal grants for state and local air pollution control programs.

State and local air pollution control programs are in a serious financial crisis. Our workload, by any reasonable estimate, has doubled in recent years, especially since the enactment of the Clean Air Act of 1977. Our responsibilities are expected to increase even more under the current reauthorization of the Act. Unfortunately, our ability to meet these additional duties is seriously impaired by the lack of resources available to us.

Our programs are financed with both federal and non-federal funds, with the major share coming from state and local revenues. For instance, over the past ten years, state and local governments have increased their funding of air programs by 11 percent (in real terms), while the federal contribution has actually decreased 15 percent (in real terms). Today, state and local governments pay nearly $2 for every $1 funded by the Environmental Protection Agency.

With the economic realities that we are currently facing, we cannot expect state and local revenues to cover an increasing percentage of the costs of federally-mandated programs. Yet despite this reality, EPA is proposing 20 percent reductions in state air program grants for FY 1983.

Cuts of this nature cannot be supported. When faced with constant funding levels over the past two years, states still suffered from the serious effects of inflation. For instance, 90 percent of the states had to cut back on their air quality monitoring efforts and over half reduced enforcement and source surveillance. In addition, there have been extended delays in permit reviews and an inability to establish effective toxic air pollution control programs.

Now, with the possibility of a 20 percent cut before us, many of the significant gains we have made in the past several years will be in serious jeopardy.

It is interesting to note the conclusions of the National Commission on Air Quality, chaired by Senator Hart. The Commission stated last year that "although a transfer of resources to more substantive technical areas appears possible if existing nonsubstantive procedural requirements are lessened, state and local agencies appear to be ill-equipped to accept substantial additional responsibilities without additional financial resources and personnel" (emphasis added). The Commission added that the Clean Air Act should authorize increased funding and that the "administration and congressional appropriations committees . . . provide the needed funds."

While state and local air pollution control agencies have made considerable progress over the past decade controlling air pollution, our task is far from complete. The President's Council on Environmental Quality estimates, for instance, that this country will spend nearly $340 billion for air pollution abatement in the decade ending 1988. State agencies will be responsible for ensuring that this massive investment is spent efficiently and effectively for the purpose of protecting air quality.

State and local agencies will need a sufficient level of resources for a number of air quality control efforts.

One such program is a regulatory reform initiative--EPA's "bubble policy"--designed to reduce regulatory costs to industry. States have found that control programs which seek to minimize costs to industry tend to be the most resource-intensive control programs to administer. The reason is that these programs usually require extensive discussions between the control agency and the source owner in order to determine the most effective, yet reasonable, control program for each plant. Moreover, increased monitoring of compliance status will be required. While states are interested in the "bubble policy" and other regulatory reform approaches, we fear that without adequate resources, these innovative programs are doomed to failure.

A second example relates to the delegation to the states of new source permitting authority, particularly for the Prevention of Significant Deterioration (PSD) program. The Environmental Protection Agency has provided policy guidance to its regional offices, as recently as two months ago, encouraging them to expedite delegation of these programs to the states. It is questionable, however, whether many states will volunteer to accept full delegation of this program given substantial cuts in their air program budgets.

Sulfur dioxide and particulate control measures will need to be carefully implemented over the next several years, not onl to ensure compliance of the National Ambient Air Quality Standards (NAAQS), but also to maintain the standards in the future. Without careful attention to proposals for fuel conversions and energy development projects, we could easily see a decade of progress slip away.

Nitrogen dioxide control appears to be primarily a question of maintenance of standards; however, given recent predictions of potentially large future increases in emissions of this pollutant, we will need to monitor carefully future trends in order to prevent additional nonattainment areas.

Ozone and carbon monoxide levels still exceed the NAAQS in many areas of the country. Those areas exceeding the standards are in the first stages of implementing new control requirements for both stationary and mobile sources which were written into State Implementation Plans during 1979 and 1980. In addition, most of the major urban areas in this country have not yet completed the development of additional SIP revisions, due July 1982, which will show how the regions will finally reach compliance with NAAQS by 1987. Even more control measures will be needed over the next few years when these plans are eventually finished.

In general, state plans to demonstrate attainment and maintenance of the lead NAAQS are woefully behind schedule. Implementation of this program will also require additional funding.

In the area of toxic emissions control, many states are finding that the public is deeply concerned about toxic pollutants and will not allow further delay in the development of a control program. These states have, or are developing, their own programs because the NESHAPS program, as it presently exists, is not working as effectively as it should.

In the enforcement area, it is interesting to note that the administration's steps toward "compliance assistance" imply a desire and ability to spend time working directly with each source involved in an enforcement action. Unfortunately, inadequate resources are now driving state and local agencies in the opposite direction.

Finally, with regard to State Implementation Plans, it is encouraging to see that EPA and the Congress are considering ways in which to simplify and streamline the existing review and approval processes for SIPs. While these procedural modifications will reduce the time and effort necessary to receive SIP approval, it is unlikely, despite claims to the contrary, that they will produce significant monetary savings on the state and local levels because the cost of producing the initial SIP analyses will remain largely unaffected.

From this brief discussion, it should be clear that the responsibilities faced by state and local air pollution control officials far exceed the resources available to fulfill them. Delegating more to the states, without an assurance of adequate funding, will only exacerbate an already unhealthy situation. Continued funding of air programs at the necessary levels is essential if we are truly concerned about protecting public health and the environment.

We thank you for this opportunity to testify and will be happy to answer any questions.

STATEMENT OF DR. SIMON LEVIN

Testimony before Senate Committee on
Environment and Public Works
Budget Hearing

Friday, February 26, 1982

Thank you for your invitation to appear before you; I am happy to respond. As you know, this is an unplanned appearance. My Associate Director, Dr. Bedford, and I are in Washington for a meeting of the National Advisory Committee of our Ecosystems Research Center, and are responding to an impromptu request that we appear to discuss the EPA Centers Program.

In 1978, the EPA submitted a report to the President and the Congress on laboratories needed to support long-term research in EPA (EPA 600/8-78-003). This report was based on critiques by and interviews with the scientific community. Included in that report were recommendations for establishment of innovative Research Centers of Excellence at competitively-selected scientific institutions.

Eight such centers are now funded, with the purpose of providing

- Research and training addressed to long-term environmental problems;
- A source of expertise outside government;
- A regional and national resource for the study of present and emerging problems in environmental protection;
- Focal points of continuing research in areas fundamental to environmental science; and
- A setting where industrial and federal funds can be applied cooperatively in the solution of the nation's environmental problems.

These Centers are specifically charged to

- Undertake long-term anticipatory research, to help EPA avoid surprises and maximize lead times;

- Provide a link between basic science and the applied missions of the Agency;
- Be responsive to the long-term needs of the EPA;
- Extend the capabilities of the EPA laboratories;
- Serve as a bridge between the EPA and the scientific/industrial community; and
- Serve as a source of new talent in solving EPA's research problems.

There are now eight centers, the oldest being just over two years old. These are:

- Ecosystems Research Center, Cornell University
- Epidemiology Research Center, University of Pittsburgh
- Advanced Environmental Control Technology Center, University of Illinois/Urbana
- National Center for Ground Water Research, University of Oklahoma/Oklahoma State University/Rice University
- Industrial Waste Elimination Research Center, Illinois Institute of Technology/Notre Dame
- National Intermedia Transport Research Center, U.C.L.A.
- Marine Sciences Research Center, University of Rhode Island
- Hazardous Waste Research Center, Louisiana State University

Our center, the Ecosystems Research Center, is a unit of Cornell's Center for Environmental Research. It has as its mandate the identification and codification of basic principles and concepts of ecosystems science; the determination of their importance in understanding and predicting responses of ecosystems to stress; and the testing of their applicability to regulatory problems. Major projects include, among others, study of the regional and national effects of air pollution stress; analysis of ecosystem problems associated with sewage disposal; fundamental advances in ecotoxicology, the study of the effects of toxic substances on ecosystems; and the development of principles for protocols for evaluating effects of power plants and toxic substances on estuarine ecosystems. The latter has proceeded via a retrospective study of the Hudson River, a study which has received broad support and help from the scientific and industrial community. These are only representative of the scope of the program, which also comprises numerous other studies. Typically, these projects address problems which transcend state boundaries and require a broad geographical perspective.

The mode of action of the Ecosystems Research Center (ERC) is based upon close liaison with the EPA program and laboratory staffs, including reciprocal program reviews and direct interaction through workshops and other activities. Such contacts maintain a sense of awareness among Center staff concerning EPA's needs, keep EPA staff current on the resources available to them through our Center, and contribute to the maintenance of program relevance.

The ERC maintains a nuclear (core) staff of Ph.D's and an associated core program, and by this mechanism attracts involvement and commitment by (currently) 30-40 other Cornell faculty, who represent a broad and distinguished source of talent and expertise. The core staff provide integration among programs, and assure attention to the overall objectives of the Center and of EPA. If the currently proposed cuts are sustained, some of those programs will have to be reduced or eliminated, and there will be parallel reductions in the core staff. This will damage the overall structure, which depends on the core staff to serve as a nucleus from which the various programs radiate. That nucleus must be sustained large enough to be a visible and interactive entity if the Center is to function as designed.

In addition to sustaining the core staff, the ERC's base funding is used to seed and foster the various projects, and thereby serves to attract outside funds from industry, foundations, and other agencies. Each dollar potentially attracts others; hence reductions in the base budget are magnified in their effect.

Finally, the ERC serves as a unique, high-visibility national center, by attracting to the programs national expertise on issues central to EPA's regulatory mission. Some of these come to Cornell for brief periods, others come for extended stays, and still others collaborate through their home institutions. Current collaborative endeavors involve the Boyce Thompson Research Institute, the Woods Hole Oceanographic Institution, Oak Ridge National Laboratory, The Institute of Ecology, Yale University, and researchers from The Marine Biological Laboratory (Woods Hole), The University of Florida, The University of Michigan, The University of Toronto, and other institutions.

In summary, the EPA Centers concept is working. The Centers program is unique, imaginative, productive, the most obvious component of a greatly improved overall EPA extramural program. The Centers help in providing the scientific basis and the continuity of effort so desperately needed for intelligent regulation. They have provided a new source of expertise to EPA, and begun the development of liaisons between academia, government, and industry.

The Centers have already demonstrated their potential for attracting matching funds from industry and foundations, and the collaboration of independently-funded researchers. Thus, from EPA's perspective, there has been a tremendous return on their investment. Such supplementary funds were an important part of the original concept of the Centers, and are an important component of the Centers' programs. However, they cannot be expected to supplant EPA base funding because they are generally shorter-range in commitment, and more specifically targeted to the objectives of the sponsors rather than of EPA. They are targets of opportunity for specific objectives, and those objectives are not likely to be inclusive of all those programs essential to the Centers' programs in supporting EPA's needs. Further, such funds are likely to decrease rather than increase as base funding is decreased, since the attractiveness of the base funding for matching purposes is reduced.

The Centers have played an important role in redirecting the training of younger people, both predoctoral and postdoctoral, towards applications relevant to EPA's regulatory problems. As an educator, I must stress the importance of this in developing a cadre of young people trained and prepared to deal with the environmental problems facing the nation.

Finally, and equally important, the Centers' programs have redirected the research of senior researchers by providing a more applied perspective, and brought many for the first time the consideration of regulatory problems. Basic research must be carried out in an applied context to really thrive, and by providing this context, the EPA program is making a tremendous contribution in mobilizing a previously unutilized national resource.

Reduction in EPA research and development funds will mean reduction in programs, reduction in staff, and depletion of our central core staff, as well as curtailment of new initiatives and a severe reduction in supplementary and complementary funding available through the EPA Competitive Grants Program. For long-term research of the kind the Centers were constructed to undertake to thrive, stable funding at consistent and adequate levels is required. Reductions and fluctuations make long-term planning impossible, and undercut an exciting and innovative new program.

NATIONAL WILDLIFE FEDERATION
1412 Sixteenth Street, N.W., Washington, D.C. 20036 202—797-6800

Testimony of David G. Burwell,
on behalf of the National Wildlife Federation,
at the Hearing on FY'83 Budget of the United
States Environmental Protection Agency
before the Senate Committee on Environment
and Public Works
February 26, 1982

My name is David G. Burwell. I am the Director of Special Programs of the Resources Conservation Department, National Wildlife Federation (NWF). I appear today on behalf of the Federation and its 4.5 million members and supporters, including its 53 state and territorial affiliates. We appreciate the opportunity to present our position on the EPA FY'83 budget to this Committee.

This particular EPA budget carries a history of controversy. Last fall, when the details of Administrator Gorsuch's $975 million operating budget request to the Office of Management and Budget (OMB) were made public, Congressional response was swift and critical. Three separate committees, including this Committee, held hearings. Many members expressed grave doubts about the ability of EPA to function in such a budgetary straitjacket. However, further deep budget cuts were proposed by OMB--rumored as low as $700 million. By the time the President overruled most of these further cuts and settled on a budget of a little over $961 million, the EPA submittal had gained a reputation - whether staged or not - as the "pro-environment" alternative.

46th ANNUAL MEETING MARCH 19-21, 1982 Marc Plaza Hotel, Milwaukee, Wisconsin
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We are presented, therefore, with a budget which is $14 million below the proposal that was the subject of the hearing before this Committee last October. Is it enough to do the job? Since EPA's broad mandate covers so many areas of concern to our membership - including acid rain research and control, elimination of ocean disposal of sewage and dredged spoil, protection of wetlands from drainage and filling, control and clean-up of hazardous waste dump sites, and control of water pollution caused by dam construction and operation - the Federation has a big stake in ensuring that the answer to this question is "yes."

The Federation, therefore, undertook an effort to penetrate the rhetoric surrounding the EPA budget by commissioning the American Environmental Safety Council (SAVE/EPA) to conduct an analysis of Administrator Gorsuch's proposal. We chose SAVE/EPA because (1) it has, among its members, many individuals with high-level experience administering EPA programs under both Democratic and Republican administrations; (2) it has broad access to up-to-date agency information; and (3) it is a vocal critic of the Gorsuch proposal. Before the Federation - whose membership voted for Ronald Reagan 2-1 over President Carter - was willing to join the chorus of criticism, we wanted facts. Basically, we said "prove it."

The result of this effort is the study that we have submitted to each member of this Committee and which I have brought with me today. The methodology adopted for this study is found on page 5 of the report. Where workload analyses existed for agency programs, we demanded that those analyses be used to compute the minimum effort mandated by statute. Where workload analyses did not exist, the reasoning behind the computation of personnel and funding levels were to be articulated. When efforts not specifically required within a statutory deadline were proposed - including such things as research on the long-term health effects of toxic air pollutants or studies on the threat of groundwater pollution to drinking water supplies -- we wanted reasons why those studies were necessary now. The draft copy was then distributed among those individuals within the environmental community who have specific expertise in monitoring particular EPA programs. The final product, therefore, is a consensus document reflecting the work of both long-term program managers and long-term program monitors. We believe that it is the best analysis of minimum agency program requirements ever prepared outside of the agency itself.

Based on this study, the answer to the question whether the FY'83 proposed budget can do the job EPA is required to do by law is "no." The concerns expressed by this Committee last fall were well founded. In each of its six major program areas - clean air, clean water, pesticides, toxics, hazardous waste disposal and hazardous waste clean-up - EPA is cutting back severely (almost 40 percent in purchasing power since FY'81) while its program responsibilities are increasing. The broad toxics initiatives added to the Clean Air and Clean Water Acts in 1977, plus the comprehensive hazardous waste management programs contained in RCRA and the "Superfund" legislation, will lie fallow under the proposed budget. However, our chemical society will continue to introduce between 600-1000 new chemicals into commerce each year, on top of our existing 55,000 chemicals inventory, new pesticide compounds will be registered, over 40 million tons of hazardous wastes will continue to be generated each year, and an unknown number of toxic dumps will continue to leach their poisons into our water supplies. We simply cannot afford the hiatus in program effort represented by the proposed budget.

If anything the proposed $2.178 billion budget identified in our analysis as the true base operating need for EPA is conservative. In several areas, the assumptions contained in the analysis are unrealistically low. For example:

1. Hazardous Waste Disposal Sites: These sites must be identified, safely designed, and inspected. Types of wastes handled must be identified and operating procedures established. The public must be allowed to comment and have answers supplied. The licensing process can, therefore, take anywhere between 64 to 226 days per site. Our study assumes that there are only 14,000 such sites - the number identified when EPA asked owners of hazardous waste transport, storage, or disposal facilities to voluntarily identify themselves. In fact, the actual number is probably closer to 20,000.

2. Monitoring Hazardous Air Pollutants: The weakness of the present non-toxic monitoring program is exemplified by the fact that New York City does not have a single validated monitoring station for nitrogen oxides, one of the two major ingredients in urban smog. Our study estimates that the monitoring program for the 7 non-toxic criteria air pollutants

should be doubled to $60 million to meet present requirements. In addition, the alternative budget allocates $30 million for monitoring hazardous air pollutants. However, there are over 40 such pollutants. It is unclear to us how $30 million will meet the need to monitor these 40 toxic pollutants when $60 million is needed to monitor the 7 non-toxic pollutants.

3. Water Quality Monitoring: Likewise, the study allocates only $15 million to monitor toxics in the water while monitoring for conventional pollutants (~~biological oxygen~~ demand, suspended solids, acidity, etc.) gets $20 million. But there are over 120 such toxic water pollutants, less than 10 conventional pollutants. We do not see how toxic monitoring needs are met in this budget.

4. Chemical Testing: The study recommends funds for testing of only 2300 of the existing 55,000 chemicals on the market for possible health risk. As we understand it, this 2300 figure was computed on the basis of production volume or known risk. This still ignores over 50,000 chemicals that have yet to be tested for health risk.

5. Research for Non-Human-Health Effects: The R&D budget for EPA is focused almost exclusively on human health effects. More research needs to be done on non-human-health effects of pollution. For example, just last week the National

Agricultural Crop Loss Study estimated crop losses due to ozone pollution at $3 billion per year. Both the EPA budget and this alternative budget ignore the need for non-human-health related research.

For these reasons, we believe that the SAVE/EPA estimate of $2.178 billion as the annual real level of funding EPA needs to achieve its statutory objectives is, if anything, conservative. It is, after all, only two-thirds the cost of one Tennessee-Tombigbee Waterway and approximately the ~~same cost as one four-mile stretch of highway~~ in New York City:Westway. The proposed EPA R&D budget is only 110th the size of the R&D budget for the Pentagon. We would roughly triple that to make it one 35th of Defense R&D. Is the public health, and the health of our children, worth that investment? We think the answer is, clearly, yes.

Last Tuesday, Administrator Gorsuch asserted before this Committee that EPA has sufficient funds to meet its statutory obligations. However, it is a matter of continuing concern to the Federation and other environmental organizations that litigate against EPA that success in the courtroom does not necessarily mean agency compliance. Instead, we are met with bureaucratic footdragging that exhausts even the most patient efforts to stimulate EPA to meet its statutory obligations. As just one example, we append to our testimony (with the request that it be made part of the record) a chart setting out completion dates for environmental studies of ocean disposal sites of dredged spoil. These studies are required pursuant to litigation filed against EPA by NWF. The dates in parentheses reflect the court-established deadlines. As the chart reflects, there is substantial slippage. Yet, as reflected in the attached breakdown of EPA's proposed "Water-Quality Non-Energy" portion of its budget, ocean pollution research suffers substantial cuts. The same situation exists with respect to many other outstanding court orders against EPA. The simple fact is that EPA is not only reducing funds for the activities we think it is required to do by law, it is reducing funds for activities it has been ordered to do by federal courts. Congress should not suffer such recalcitrance.

Administrator Gorsuch has also repeatedly asserted that EPA management is top-heavy, redundant, and inefficient, at least before her arrival. However, her budgets for FY'82 and FY'83 actually reflect substantial increases in management, both in absolute terms and in percentage of a shrinking EPA budget. In FY'81, management and support accounted for $216 million of a $1.3 billion budget, or 16.5% of operating expenses. In FY'82 this function increased to $224 million of an estimated $1.086 billion budget, or 20%. For FY'83, she proposes another increase to $233 million to support a $961 million budget, or 24% of operating expenses. If this trend continues, EPA will soon be an agency where managers simply supervise each other while action programs atrophy from neglect. EPA is not becoming "lean and mean"; it is becoming calcified by "peer review" and centralization of decisionmaking.

One final point. Administrator Gorsuch has frankly admitted that her budget submission of last September was not based on an analysis of the minimum effort required to meet her statutory responsibilities. At a hearing last October 22 before the Natural Resources, Agricultural Research and Environment Subcommittee of the House Science and Technology Committee, Administrator Gorsuch engaged in the following exchange with Representative William Carney (R-N.Y.):

> *Mr. Carney*: Mrs. Gorsuch, have you determined what EPA must do to meet its statutory requirements and what the minimum resources of personnel and funding would be needed to fulfill those requirements?
>
> *Mrs. Gorsuch*: In an overall sense, that is an ongoing responsibility. Mr. Congressman, as you well know those statutory requirements have been added to, they're continuously shifting in terms of our particular delegations of different programs to the states and that is ongoing responsibility that indeed I do meet in terms of our budgetary analysis each year.
>
> *Mr. Carney*: Have you put down in black and white the figures both in money and manpower to meet those requirements?
>
> *Mrs. Gorsuch*: In terms of 1982, yes we have had our proposals before the Congress and it is currently the subject of, as you know, ongoing adjustment.
>
> *Mr. Carney*: Have you determined that for 1983?
>
> *Mrs. Gorsuch*: No I have not.

Yet, this exchange occurred *after* she had made her FY'83 budget submission to OMB. This forces the conclusion that the EPA budget submission was based not on what EPA is required to do, but rather by what this Administration wants to do. And what this Administration apparently wants to do is not so much execute our environmental laws as execute the agency that administers those laws.

Mr. Chairman, we stand by our study. We believe it is a responsible effort to establish minimum levels of program effort within EPA. We request serious consideration of its recommendations.

Thank you.

EXHIBIT 11

ATTACHMENT B

OCEAN DUMPING ENVIRONMENTAL IMPACT DOCUMENTS

Dates in parentheses ( ) are dates specified in the NWF Stipulation

Description	Status (Interim: I, Final: F)	Schedule for Docu. Completion Draft	Schedule for Docu. Completion Final	Est. Date for Final Designation	Under Court Stipulation Agreement (NWF)
Non-Dredged Material Disposal Sites					
1. 106 Mile Ocean Wastes Disposal Site, New York	I	6/25/79	2/27/80 (2/27/80)	10/81 (5/28/81)	yes
2. Acid Dumping Site, New York Bight	I F	11/27/79 (11/27/79)	12/1/80 (10/10/80)	10/81 Final desig. (6/16/81)	yes
3. North Atlantic Ocean Incineration Site	new	12/29/80	7/82	2/83	no
4. Cellar Dirt Dumping Site, New York Bight	I	3/82 (7/20/81)	7/82 (2/82)	2/83 (4/82)	yes
5. Philadelphia Sewage Sludge Dumping Site off Delaware Bay	terminated 12/80	8/81	12/81	final desig. not expected-study to assess impact	no
Dredged Material Disposal Sites					
6. Hawaii Dredged Materials Disposal Sites	~~I~~ Ⓕ	10/20/79 (10/20/79)	9/30/80 (9/30/80)	designated (final) (Fed. Reg. 6/16/81)	yes
7. San Francisco Channel Bar Dredged Material Disposal Site	I	11/20/80 (10/10/80)	10/81 (5/11/81)	6/82 (7/13/81)	yes
8. Galveston Dredged Material Disposal Site	I	7/81 (12/10/80)	1/82 (12/21/80)	8/82 (9/81)	yes
9. Mouth of Columbia River Dredged Material Disposal Site	I	7/81 (2/5/81)	1/82 (9/81)	8/82 (11/81)	yes
10. Vieques Pass, P.R. Dredged Material Disposal Site	I	6/81 (12/20/80)	12/81 (7/81)	7/82 (9/81)	yes

Description	Status (Interim: I, Final: F)	Schedule for Docu. Completion Draft	Schedule for Docu. Completion Final	Est. Date for Final Designation	Under Court Stipulation Agreement (NWF)
11. Moss Landing Dredged Material Disposal Site	I	6/81	9/81	5/82	no
12. Nome Dredged Material Disposal Site	I	8/81	10/81	6/82	no
13. New York Dredged Material Disposal Site (Mud Dump)	I	10/81 (12/30/81)	2/82 (7/81)	9/82 (7/81)	yes
14. Portland, Maine Dredged Material Disposal Site	I	11/81 (3/9/81)	5/82 (10/81)	1/83 (12/81)	yes
15. Jacksonville Dredged Material Disposal Site	I	6/82 (5/6/81)	10/82 (12/81)	6/83 (2/82)	yes
16. Wilmington/Charleston/Savannah Dredged Material Disposal Site	I	6/82 (5/10/81)	10/82 (3/82)	6/83 (5/82)	yes
17. New Jersey/Long Island Inlets Dredged Material Disposal Site	I	6/82 (11/9/81)	10/82 (6/82)	6/83 (8/82)	yes
18. San Juan, P.R. Dredged Material Disposal Site	I	3/82 (12/17/81)	7/82 (7/82)	3/83 (9/82)	yes
19. Tampa Dredged Material Disposal Site	I	7/82 (6/30/81)	11/82 (1/82)	7/83 (3/83)	yes
20. Pensacola/Mobile/Gulfport Dredged Material Disposal Site	I	4/82 (1/6/82)	8/82 (8/82)	4/83 (10/82)	yes
21. Sabine-Neches Dredged Material Disposal Site	I	6/82 (4/4/81)	10/82 (11/81)	6/83 (1/82)	yes
22. Los Angeles/San Diego Dredged Material Disposal Site	I	8/82 (2/4/82)	12/82 (9/82)	8/83 (11/82)	yes

Description	Status (Interim: I, Final: F)	Schedule for Docu. Completion Draft	Schedule for Docu. Completion Final	Est. Date for Final Designation	Under Court Stipulation Agreement (NWF)
23. Los Angeles/Long Beach Dredged Material Disposal Site	I	7/82 (10/19/81)	11/82 (5/82)	7/83 (7/82)	yes
24. Coos Bay Dredged Material Disposal Site	I	10/82 (6/7/82)	2/83 (1/83)	10/83 (3/83)	yes
25. Humboldt Bay Dredged Material Disposal Site	I	10/82 (5/5/82)	2/83 (12/82)	10/83 (2/83)	yes
26. San Francisco 100 Fathom Dredged Material Disposal Site	I	10/82 ([illegible])	2/83 (11/82)	10/83 (1/83)	yes
27. Calcasieu Bar Dredged Material Disposal Site	I	4/83	6/83	1/84	no
28. Atchafalaya River Bar Dredged Material Disposal Site	I	1/83	5/83	2/84	no
29. Houma Navigation Canal Dredged Material Disposal Site	I	5/83	7/83	2/84	no
30. Barataria Bay Waterway Bar Dredged Material Disposal Site	I	4/83	6/83	1/84	no
31. Southwest Pass (Lower Jetty and Bar) Mississippi River Dredged Material Disposal Site	I	6/83	8/83	3/84	no
32. Mississippi River Gulf Outlet Dredged Material Disposal Site	I	5/83	7/83	2/84	no

FROM 1983 BUDGET SUBMISSION OF THE ENVIRONMENTAL PROTECTION AGENCY

NOTE: EPA's ocean pollution research program falls within the "Water Quality Non-Energy" portion of its budget. Exact figures on proposed 1983 budget cuts for ocean pollution research have not yet been compiled. However, it is clear from the following table that research in the Great Lakes and in the Chesapeake Bay is proposed for elimination.

WATER QUALITY

Water Quality Non-Energy

PROGRAM	ACTUAL 1981	JANUARY ESTIMATE 1982	MARCH ESTIMATE 1982	CURRENT ESTIMATE 1982	ESTIMATE 1983	INCREASE + DECREASE - 1983 VS 1982
	(DOLLARS IN THOUSANDS)					
Scientific Assessment						
Salaries & Expenses	$1,092.5	$828.9	$814.6	$747.2	$541.1	-$206.1
Research & Development	$434.2	$689.2	$674.7	$562.9	$100.0	-$462.9
Technical Information & Liaison						
Salaries & Expenses	$214.0	$246.8	$214.8	$188.9	$230.1	$41.2
Research & Development	$7.4	$14.4	$14.0	$14.0	$100.0	$86.0
Monitoring Systems & Quality Assurance						
Salaries & Expenses	$2,633.9	$2,817.5	$2,791.0	$2,676.4	$2,057.9	-$618.5
Research & Development	$1,089.6	$943.5	$924.8	$688.8		-$688.8
Health Effects						
Salaries & Expenses	$883.7	$1,084.5	$1,068.7	$948.6	$1,096.8	$148.2
Research & Development	$1,656.1	$2,155.9	$2,095.9	$1,671.5	$200.0	-$1,471.5
Environmental Processes & Effects						
Salaries & Expenses	$7,395.9	$7,505.9	$7,283.9	$7,157.9	$6,217.4	-$940.5
Research & Development	$3,505.9	$3,339.1	$2,173.5	$1,992.5	$500.0	-$1,492.5
Chesapeake Bay Study						
Salaries & Expenses	$382.3	$1,114.7				
Research & Development	$2,503.0	$868.4				
Great Lakes Study						
Salaries & Expenses	$776.4	$993.7		$994.0		-$994.0
Research & Development	$2,654.5	$611.9		$1,500.0		-$1,500.0
TOTAL:						
Salaries & Expenses	$13,378.7	$14,592.0	$12,173.0	$12,713.0	$10,143.3	-$2,569.7
Research & Development	$11,850.7	$8,622.4	$5,882.9	$6,429.7	$900.0	-$5,529.7
Water Quality Non-Energy TOTAL	$25,229.4	$23,214.4	$18,055.9	$19,142.7	$11,043.3	-$8,099.4

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STATEMENT OF JONATHAN LASH

STAFF ATTORNEY

BEFORE THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

U.S. SENATE

February 26, 1982

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Mr. Chairman, my name is Jonathan Lash. I am a Staff Attorney for the Natural Resources Defense Council. I am pleased to have this opportunity to testify on the budget of the Environmental Protection Agency.

Significant Experiments in Federalism

EPA administers a set of statutes that establish a unique federal-state relationship. Indeed, the Clean Air and Clean Water laws written by this committee a decade ago were viewed as significant experiments in federalism. Subsequent environmental legislation generally has built upon the structure of federalism developed in the Clean Air and Clean Water Act. The relationship between EPA and the states has developed slowly -- sometimes with great acrimony.* But in some cases it has begun to work well.

Recent changes in EPA policy, however, and proposed cuts in the Agency's budget threaten to turn the cooperative federalism of the environmental statutes into a shelter for a federal evasion of responsibility.

Why Federal Standards?

The federal environmental statutes direct EPA to set a variety of national pollution control, safety, and health standards and then, in many cases, authorize the states to set up programs to implement those standards. Early environmental statutes had sought through exhortation and financial assistance to elicit state action to control pollution. The results were disappointing. Public pressure for federal action increased, and, in the words of the Supreme Court, "Congress reacted by taking a stick to the States in the form of the Clean Air Act Amendments of 1970. . . ."*

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*/ See, Stewart, Pyramids of Sacrifice? Problems of Federalism in Mandating State Implementation of National Environmental Policy, 86 Yale L. J. 1196 (1977).

Congress wrote legislation that mandated relatively specific uniform federal pollution control requirements, not only out of frustration with state inaction. The environmental legislation of the 1970s reflected Congress's determination that pollution control is fundamentally a national concern. As the House Commerce Committee observed in its report on the 1977 Clean Air Amendments:

> Those states which desire to retain clean air will have little hope of maintaining superior air quality without such national guidelines because:
>
> (a) pollutants from other areas will be carried into clean air States;
>
> (b) industry will pressure clean air States to relax their standards with the threat of industrial relocation in other, more permissive States.**

In addition to concern that pollution does not stop at state boundaries, and that economic forces exert perssure on all states to conform to the lowest common demoninator,

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*/ Train v. Natural Resources Defense Council, 421 U.S. 60, 62 (1977).

**/ Report of the Committee on Interstate and Foreign Commerce to accompany H.R. 6161, H.Rep. 95-294, at 136, 95th Cong., 1st Sess. (1977). Also see S.Rep. 92-414, 92d Cong., 2d Sess. (1971).

Congress sought to avoid the creation of a maze of inconsistent local standards. The federal laws establish a regime of predictable and consistent national standards.

The Role of the States: Implementation

Within the context of national standards expressing national policy, the environmental statutes recognize and accommodate local diversity. The Clean Air and Clean Water Acts place primary reliance on the states to implement critical statutory provisions. While they must assure compliance with national standards, the states may develop their own programs to do so. Once such programs are in place, the states make the case-by-case decisions on permit applications.

The Role of EPA: Assistance

The development and implementation of pollution control standards involves technical problems of great complexity, including: the collection and analysis of baseline data on pollution levels and sources; assessment of the human and ecological effects of different pollutants; evaluation of the cost and effectiveness of pollution control technology; definition of performance and technological standards. Individual states do not have the resources to carry out these functions, and indeed it would be appallingly wasteful for 50 different states independently to undertake the bulk of the technical tasks required for the implementation of environmental standards. In the past, EPA has taken responsibility for both basic research and resolution of technical issues associated with standards or permitting. It should continue to do so.

In addition, EPA has in the past provided substantial direct assistance to state environmental quality programs. Since the states have been asked to implement federal policy, that assistance is critically important. It is not a subsidy but a payment for a vital service. It also represents the carrot that goes with the "stick" that the Supreme Court described Congress as having taken to the states.

The Role of EPA: Oversight

Federal standards mean little, of course, unless they are enforced, and Congress was quite explicit in directing EPA to ensure that states met federal requirements or, when the states failed to do so, to implement those requirements directly.* Thus EPA must set standards for state compliance, monitor state activities, and, upon failure of the states, exercise its own authority with diligence and consistency.

Administration Claims

In her testimony before this Committee several days ago, Mrs. Gorsuch said:

> Once a regulatory program matures, with greater and greater State participation, the resources needed by this Agency should indeed diminish. Such a comparative reduction in Federal funds should not and does not signal a diminution of Federal commitment.

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*/ §§110(c), 113, 42 U.S.C. §§7410(c), 7413 (Clean Air Act); Clean Water Act §402(c)(3).

> The high levels of initial investment in our programs over the past five and six years are attributable to your deep concern and to the concern of the American people and reflect the Nation's long-standing commitment to environmental goals. Because I share these concerns, I intend to keep that commitment, and to do so in a way that builds on our past investments, while bringing in greater State involvement wherever possible.*

The reality is that there has been a diminution of federal commitment. It is manifest not only in the proposed budget for the Agency, but in the Agency's actions.

NRDC's Survey of State Programs

Beginning in the fall of 1981, the Natural Resources Defense Council contacted state environmental offices in each of the fifty states. We asked about levels of funding and the capacity of the state agency to take on additional regulatory responsibilities. We have substantial data on forty-four states. The response is revealing.

- Each of the forty-four states expects an overall reduction in resources in the coming year. Many face reductions in both EPA and state funds.
- Thirty-four of the forty-four say they cannot carry out additional responsibilities. Only one state, Louisiana, says it can carry out additional responsibilities.
- One state, Idaho, returned responsibility for its air program to EPA. Two others may do so. Five other states say they may be forced to reduce compliance.

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*/ Statement of Anne McGill Gorsuch, Administrator, U.S. EPA, before the Committee on Environment and Public Works, United States Senate, February 23, 1982.

These dismal statistics are totally at odds with the Administrator's rosy assertions. State offices see the rug being pulled out from under them. The effects will be real and significant. Examples can be found in the local press with disheartening regularity:

- The Missouri Department of Natural Resources reports that polluters "laugh" at efforts to enforce the state's air, water, and hazardous wastes laws because enforcement resources are so inadequate.
- The Baltimore Air Pollution Control Division is being closed down due to funding cutbacks.
- A study prepared for Congressman Tom Downey revealed that emergency testing of drinking water for contamination and air quality monitoring would be curtailed in his New York district.
- Monitoring of the effectiveness of power plant pollution controls has been halted in Illinois.

EPA Actions: A Retreat

A series of actions by EPA in recent months suggest a retreat from federal responsibility rather than simple streamlining and improved management. Not only have research and state support funds been reduced, programs have been changed to remove or undermine federal minimum standards.

In settlement negotiations recently, the Agency agreed to drop new source regulations applicable to fugitive emissions and restrictions on permitting in dirty air areas that have not adopted adequate state plans. These changes, agreed to without notice and comment, reduce the incentives for state compliance and pull the rug from under states seeking to impose strong and consistent standards.*

The EPA Region IV Administrator recently approved reclassification of several Alabama streams to become essentially industrial sewers. EPA had previously denied the reclassification because it was unnecessary and could harm large numbers of people in the Birmingham area.**

The EPA Region VIII Administrator recently refused to delegate clean air authority to the State of Colorado, according to published reports, because he regarded the state as overzealous in seeking to protect its air quality.

These actions strike at the heart of the federal-state environmental relationship, for they signal an abdication by EPA of its responsibility to provide strong and consistent standards, oversight, and assistance.

That message has been reinforced by EPA's record with respect to its direct responsibilities. According to agency records released to us pursuant to the Freedom of Information Act, the rate of enforcement actions filed in court during Mrs. Gorsuch's first seven months was down by over 70% from the rate the preceding year.

We have compared the official schedules upon which regulatory dockets were proceeding in January 1981, as announced by former Administrator Costle, with those announced by the new Administration in April and October. Seventy-eight of the 146 have been delayed more than two months; 40 have been cancelled, withdrawn or postponed indefinitely; one has been completed after January; and nine are still on the schedule reported in January.

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*/ Chemical Manufacturers Ass'n v. Environmental Protection Agency, No. 79-1112, D.C. Circuit.

**/ The denial appeared at 44 Fed. Reg. 67442 (Nov. 26, 1979); the approval was communicated by letter dated Dec. 10, 1981, from Charles R. Jeter, Region IV Administrator, to James W. Warr.

The one completed rulemaking was a minor regulation requiring state and local ambient air quality monitoring programs to add lead to the chemicals already tested for (carbon monoxide, sulphur dioxide (SO_2), particulates, ozone, and nitrogen dioxide).

Since January 1981, EPA has embarked on approximately 18 new regulatory proceedings relating to air, water, and toxics, according to the Regulatory Agenda. Eight of the new initiatives are proposals for waivers, relaxations, extensions of time, revocations or rescissions of existing rules under these statutes. Three more are not officially announced as efforts at weakening existing regulations but appear to be intended to water down current requirements (i.e., review of light-duty diesel vehicle particulate standard under §202(a) of the Clean Air Act).

Five more of the new proceedings are required reviews of new source and hazardous emission standards under the Clean Air Act, in order to incorporate newly developed technology into more stringent standards. It is our understanding that these standards will not be upgraded, thus achieving less emission controls than envisioned by Congress.

Two of the 18 "new" initiatives are really new, but have no schedule for completion. One is to set the reimbursement rules for sharing among chemical companies the costs of testing new toxic chemicals. The other is to require makers and users of EDC (1,2-dichloroethane) to report the amounts manufactured or processed, its byproducts, categories of use, and existing data on effects on environment and health. This rule would result in no controls on this subtance, and doesn't even require testing.

While Mrs. Gorsuch claims her budget cuts will have no impact on the Agency's ability to meet its responsibilities, the Agency has justified its failure to meet court-imposed deadlines for action on toxic water pollutants on the grounds that budget cuts had limited available resources.*

The Agency recently refused to take regulatory action on formaldehyde on the grounds that available research data was insufficient to demonstrate that formaldehyde constitutes a cancer threat to humans, yet funds for such research have been cut.

We are environmentalists. We are advocates. Some may view our concern with skepticism. But I leave you with this question. Are there many outside of the EPA 12th Floor - state, industry, press, your own staff - whose contacts with EPA lead them to say it is a better run agency now than it was? That the public is better protected against pollution now than it was? I have found few who would say so.

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*/ NRDC v. Train (Gorsuch), 8 ERC 2120 (D.D.C. 1976), as modified 12 ERC 1833 (D.D.C. 1979).

FISCAL YEAR 1983 BUDGET REVIEW

Corps of Engineers, Water Resources Council, and Office of Water Research and Technology

TUESDAY, MARCH 2, 1982

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, D.C.

The committee met at 2 p.m., in room 4200, Dirksen Senate Office Building, Hon. James Abdnor, presiding.

Present: Senators Abdnor, Gorton, Murkowski, Randolph, Moynihan, and Symms.

Senator GORTON. We intend to start the meeting.

The chairman, Senator Abdnor, will be here in just a few moments and I will put his opening statement in the record.

OPENING STATEMENT OF HON. JAMES ABDNOR, U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator ABDNOR. Good afternoon. The committee meets today to hear testimony from the Corps of Engineers budget request for fiscal year 1983. We will also hear testimony from the Department of the Interior on the Office of Water Policy, the Water Resources Council, and the Office of Water Research and Technology. The purpose of our hearing today is to gather information on the Agencies' budget request.

During the recent past, we have been faced with declining funding for water resources, and a diminishing construction program. Total Corps of Engineers outlays for fiscal year 1981 were $3.1 billion. The proposed fiscal year 1983 budget is $2.7 billion, but it presumes user fee revenues of $519 million in fiscal year 1983. The net budget request is only $2.3 billion, a reduction of $800 million from fiscal year 1981. This reduction has occurred while the Nations' water resource problems have compounded. We need to work together on the preparation of the proposed fiscal year 1983 budget, in particular on two major issues—user fees and new construction starts.

With reduced funding for new construction starts, we must look into more active State and local participation, in both designing and funding new projects. Reduced Federal dollars need to be supplemented by increased local financing of these new projects. But this requires a consistent policy for cost sharing throughout the Federal Government. I am pleased that Mr. Gianelli will be here to discuss his policy of new starts and proposed requirements for local up-front financing. I am not sure the committee will endorse your specific proposals; however, I am pleased that you have been so forthright in discussing your proposals with the committee.

The new user fee initiatives address the needs for recovery of operation and maintenance costs to insure the health of our future commercial navigation infrastructure, both for deep draft, as well as the inland waterway system. I share your belief that some level of user fees will allow new or modified projects to be more responsive to national needs by allowing the private marketplace to identify areas for improvements. This rational approach should enable us to develop more efficient and effective projects.

The fiscal year 1983 proposed budget for the Corps of Engineers has reduced the funding for operating and maintaining the Nation's inland waterways system by $150 million below that identified as needed. These funds would be reestablished if user fees legislation is enacted. Our committee has reported new port legislation for the recovery of construction, operating, and maintenance costs. This bill, S. 1692, would require new construction to be financed by non-Federal interests and impose a modest level of cost sharing for current project maintenance.

If we are to get this legislation passed in time to insure continued adequate operation of the deep draft and inland waterway system, we will need to rally strong support for this legislation. We are interested in hearing the administration's position on these proposed reductions. This discussion must also address the impact which the implementation of these policies will have on our economy, with particular emphasis on our farmers and regional economics.

The need for an integrated national water policy has been under discussion for some time now. The administration has proposed the elimination of the Water Resources Council and the Office of Water Research and Technology. We have asked both of our witnesses to discuss the Cabinet Council and its effectiveness at coordinating water policy. The committee has an alternative approach in S. 1095, which seeks to consolidate various planning and research programs into one which will continue assistance to States while increasing their role in water resources planning, research, development, and decisionmaking. I still believe this is a better approach to water policy issues than the administration's approach. The overall budgetary constraints provide a good point for initiating action on this vital subject matter.

We are particularly pleased to have with us today, Secretary Gianelli, from the Department of the Army and General Heiberg and Mr. Bory Steinberg of the Corps of Engineers. Also with us are Garrey Carruthers and Robert Broadbent of the Department of the Interior. We will start with testimony on the corps' proposed fiscal year 1983 budget.

Senator GORTON. Because there will be rollcalls throughout the afternoon, we will get started at this time with Mr. Gianelli.

Will you start and make your formal presentation?

The Senators present will have some questions for you.

STATEMENT OF HON. WILLIAM R. GIANELLI, ASSISTANT SECRETARY OF THE ARMY FOR CIVIL WORKS, ACCOMPANIED BY MAJ. GEN. E. R. HEIBERG III, DIRECTOR OF CIVIL WORKS, THE CORPS OF ENGINEERS; AND, BORY STEINBERG, CHIEF OF PROGRAMS, CORPS OF ENGINEERS

Mr. GIANELLI. I have with me, Senator, Maj. Gen. E. R. Heiberg III, Director of Civil Works for the Corps of Engineers on my right; on my left, Bory Steinberg, chief of programs for the Corps of Engineers and both of these gentlemen will be available after I finish my statement, Mr. Chairman, to help answer any questions the committee may have with respect to the presentation.

I welcome and appreciate the opportunity to discuss the Army's civil work's program and the fiscal year 1983 budget recommendations.

The recommendations I know will receive your careful review; I hope they will permit your support as well. I would hope with your permission to proceed by asking that my statement be placed in the record of these hearings.

What I would like to do for the sake of brevity is to highlight portions of my statement following which, as I indicated, we will try to answer any questions.

Senator GORTON. We would be delighted to place your entire statement in the record in full.

Mr. GIANELLI. The presentation today addresses several topics. I would like to enumerate them before I proceed. First, the financing and cost-sharing proposals for fiscal year 1983 construction new starts for the corps—I want to emphasize 1983; second, the trends in the corps civil works budget; third, fiscal year 1983 budget summary, including related major fiscal year 1982 concerns; fourth, a two-phase process and cost sharing for future project studies; fifth, a little summary of some activities that are going on with respect to the working group of the assistant secretaries, part of our regulatory review process, and some of the 8A program initiatives that we have been taking; and, last, a few comments on the corps manpower problems and also superfund.

PROGRAM AT A CROSSROADS

Moving into the first one, the financing and cost-sharing proposals for fiscal year 1983 construction new starts, I would like to comment that generally speaking the Federal public works programs, including the civil works program of the Army Corps of Engineers are at a crossroads, it seems to some of us.

I think the hard facts are that there have been limited construction new starts in recent years and no major legislation authorizing new projects has passed the Congress since the middle of the last decade.

Let me say that the problem has been highlighted, Mr. Chairman, by an inventory of the need, and I am talking again about corps projects, in which it is not very difficult to identify $20 billion worth of corps needed projects which certainly could very well be built in the decade of the 1980's, just to give an idea of the magnitude of the problem in terms of the need.

I think it is wishful thinking to count on the historical formulas and processes to reverse the dismal trend we have had in recent years and I think what we really need is to continue to produce needed water projects and certainly, from my standpoint, I want the corps to build it.

Toward that end, the Department of Army has fashioned some new financing and cost-sharing proposals which, with this committee's support and with the Congress' support, will enable us to move out in fiscal year 1983 with a modest construction new starts program for the Army Corps of Engineers in the coming year.

In the past several weeks, we have been discussing with non-Federal interests and project sponsors a potential new starts program and these would have to do with projects already authorized by the Congress. I want to say that, if the administration in its deliberations comes down with a different formula for the long haul, certainly there will be adjustments made but what we are really trying to do is get something going in 1983. That is the intent of the program that I am about to describe to you.

POTENTIAL CONSTRUCTION STARTS

The list of the potential construction new starts, their total costs, and a summary of the responses to our offer as of February 26, 1982, have been included in my statement.

These potential projects that I alluded to—there are 12 of them initially—have been reviewed and approved as good projects by the Chief of Engineers as well as my office.

Recently we have also had discussions with representatives of Norfolk Harbor, Va., for a project which is not yet authorized for construction.

The President's budget as it now stands does not identify any specific new project that will go to construction in fiscal year 1983 and, of course, the President would have to approve any new starts which are proposed.

We are offering non-Federal sponsors of potential construction projects the opportunity to provide up-front financing and cost sharing in accordance with the objectives which the Army has adopted—and again I would emphasize—for the 1983 budget.

FISCAL YEAR 1983 FINANCING AND COST-SHARING OBJECTIVES

The non-Federal financing and cost-sharing objectives which we are proposing for 1983 are, respectively, as follows:

Deep draft commercial navigation, 75 percent up-front financing and 100 percent cost recovery; hydropower, 100 percent for both; flood damage reduction, 35 percent up-front financing and 35 percent cost recovery; municipal and industrial water supply, 100 percent for both; and separable recreation, 50 percent and 50 percent.

Again, there has been some criticism of these percentages as related to what may eventually come out of the administration. I want to point out that the administration has not yet come up with exact cost-sharing percentages and what we are talking about here is the corps' effort for 1983 only, which would be adjusted depending upon what the Congress and what the administration may do in the way of possible modifications of percentages like this for the long haul.

These objectives represent our best effort at this time to get something started.

We are pointing out to non-Federal interests that these financing and cost-sharing objectives are not in accord with traditional requirements for cost sharing and that any project we recommend would have to be approved by OMB and by the Congress and that they should consider all options open to them, including not participating in the program that we are suggesting.

LOCAL RESPONSES

Where letters of intent are forthcoming, we will go to OMB seeking approval of a budget amendment for submission to the Congress. It is too early to assess the overall results and while we have no assigned contract or formal memorandum of understanding, I am certainly encouraged so far. We will keep you advised as things develop during the coming weeks.

But, of the 12 projects we have listed in our tabulation, we have what I consider to be positive responses to seven of them and we are actively carrying on discussions with them with respect to proceeding under the arrangements we have suggested.

Moving on to the trends in the civil works budget, the civil works budget of the Army Corps of Engineers is about at the same level in fiscal year 1983 as it was 5 years ago in fiscal year 1978.

In fiscal year 1978, the total appropriations amounted to some $2.784 billion. This compares with the gross budget request in fiscal year 1983 of $2.744 billion. However, within the total appropriation, the funds provided for major appropriation accounts have changed. For example, construction, general funding has gone from $1.538 billion in fiscal year 1978 to $1.209 billion in fiscal year 1983, which reflects the limited commencement of construction new starts in recent years.

Over the same 5-year period, funding for operation and maintenance, general has increased from $769 million to the $1.011 billion included in the President's budget. Comparable figures for flood control, Mississippi River and tributaries account, show an increase from the $253 million appropriated in fiscal year 1978 to the $282 million budget request for fiscal year 1983.

FISCAL YEAR 1983 CONSTRUCTION, GENERAL REQUEST

Let me talk a little bit more about construction, general. The $1.209 billion requested is to continue construction and related activity of 159 water projects with navigation, flood control, water supply, hydroelectric, and other attendant benefits. This includes 137 regular construction projects, 15 major rehabilitation projects, 2 dam safety assurance projects, 3 correction of deficiency projects, and 2 beach erosion control reimbursement projects.

Moving on to another one of our large capital outlays, flood control, Mississippi River and tributaries, the $282 million requested in fiscal year 1983 is the largest amount ever budgeted for the flood control program for the lower Mississippi Valley from Cape Girardeau, Mo., to the Gulf of Mexico and its contiguous basins.

FISCAL YEAR 1983 OPERATION AND MAINTENANCE REQUEST

Let me move on to another one which I know is of great interest and it is the subject of operation and maintenance, general. The $1.011 billion requested provides for the operation and maintenance of approximately 500 channel and harbor, lock and dam, flood control reservoir, local protection, and multipurpose power projects; for the processing of applications for structures affecting navigable waters; and for the development of national emergency preparedness plans pursuant to Executive Order 11490.

The amount is adequate to maintain and operate existing projects with the following exceptions. First, services to the public at some of the corps' high-cost recreation areas will be curtailed and second, low volume/high cost navigation operation and maintenance is to be reduced or deleted.

REDUCTIONS IN NAVIGATION SERVICES

Elimination of, or reductions in, navigation operation and maintenance projects in the fiscal year 1983 budget in the amount of $150 million is based on criteria developed to identify those projects with the lowest national priority.

The criteria used were based on harbor depths, average cost of harbor maintenance per ton of seagoing commerce, and usage of inland waterways.

Consistent with the President's budget proposal, the corps will have to restrict its maintenance to the highest priority options if Congress does not enact legislation for waterway user charges.

Absent an increase in the appropriation request which could result if adequate reimbursement is provided through user fees, there would also be the opportunity for local action on specific projects.

It is recognized that the impact of navigational elimination or reduction may be more severe in some instances than in others.

Changes may be made, although the corps has been instructed to continue with the total reduction of $150 million which will be achieved in any revised proposal in the absence of enactment of user fee legislation.

REVIEW OF NAVIGATION PROJECTS

Let me say in response to the large number of inquiries that we have had, the $150 million has been identified with certain projects and I think that list, Mr. Chairman, has been made available to this committee. We have asked the corps to go back now that they have a little additional time and review all the projects that are listed on that tabulation and to come back with any recommendations that the corps may have with respect to substitute projects which were included on that original tabulation.

So I wanted to indicate to you, and to this committee, that the corps in the next 30 days will be carrying on additional activities with respect to those projects that were listed in the tabulation. I think they were made available to the committee and which total $150 million. So we will be addressing that issue further.

CONCERNS FOR FEASIBILITY STUDIES

Let me move on, Mr. Chairman, if I could, to another part of our program which I think will be of interest to this committee. It has to do with a two-phase process and cost sharing for future Federal water project surveys. I have long been concerned over several aspects of the corps planning process. This concern seems to be shared by Members of Congress and others interested in water resources development.

Specifically, I am concerned with the length of time it takes to complete a typical feasibility study, the high cost of individual studies, and the high proportion of unfavorable studies upon which substantial resources have been expended. I, therefore, feel it is imperative that we take steps to allow the corps to concentrate its planning resources, that is both manpower and budget, on the more important studies which have the best chance of implementation.

I am proposing that beginning in fiscal year 1983 all new studies initiated by the corps pertaining to specific problem areas be undertaken in two phases. The first phase will be a reconnaissance phase, financed 100 percent with Federal funds and normally completed within a year. The second phase will be a feasibility study to be cost shared with local project sponsors. I would view the reconnaissance study to be fully funded when it receives the initial appropriation and, basically, it would be my thought that the reconnaissance study would establish the following.

First, it would define the problem and its potential solutions. Second, there would be a determination of whether or not the study should proceed further based on a preliminary appraisal of costs, benefits, and environmental impacts of alternative solutions. Third, it will have an estimate of the cost of the second phase feasibility study. And last, it would identify local sponsors and also indicate which of those sponsors would be willing to participate in the feasibility study on a cost-sharing basis. I believe that this procedure will not only speed up the planning process, but will increase the proportion of studies which leads to successful solutions of problems.

ASSISTANT SECRETARIES WORKING GROUP

Mr. Chairman, if I could briefly talk about a couple of other things which the Army and the corps have been doing, the first one has to do with the Assistant Secretary's working group. One of the first actions of the President's Cabinet Council on Natural Resources and Environment was to form an ad hoc Assistant Secretary's working group on water resources to analyze issues and policies related to Federal water policy.

As the Assistant Secretary of the Army for Civil Works, I was asked to chair the working group. The first assignment given to the working group was to examine the existing complex and cumbersome principles, standards and procedures of the U.S. Water Resources Council.

In early September we distributed to concerned committees of the Congress and to organizations representing the States and interest groups a summary of major proposed policy guidelines for water project planning. Based upon the comments we received, the guidelines were revised and were referred to the Water Resources Council for publication pursuant to the Water Resources Planning Act of 1965.

REVISIONS TO PRINCIPLES AND STANDARDS FOR PLANNING

The Water Resources Council, as the agency responsible for establishment of water project planning criteria, will soon publish the proposed principles and guidelines in the Federal Register and will provide a 60-day public comment period. The Water Resources Council will consider the public views expressed during the comment period prior to final preparation of the principles and guidelines early this year. Our contemplation is if the new principles and guidelines are adopted, then the old principles and standards would be rescinded. So the two actions would be timed together.

PAYMENT BY BENEFICIARIES

Another important water resource policy area is that of project cost sharing and financing. It is generally recognized that there must be a substantial increased rate of participation by both non-Federal governmental units and the private sector.

There are two reasons for this: First, the administration is strongly committed to the principal that services from projects should be paid for to the maximum extent possible by the beneficiary. When beneficiaries pay for the services they receive, we can have a high degree of assurance that we are providing the right quantity and quality of service. Indeed we believe the willingness of beneficiaries to repay the cost of the project in accordance with the schedule of benefits gives the Government an assurance of the project's worth that can never be obtained from a benefit cost analysis. Second, substantially increased amounts of financing must come from non-Federal sources simply because the Federal government cannot now afford to finance a major program of water project construction. I alluded to that earlier when I talked about the $20 billion needed for project by the Corps of Engineers which I feel certainly could be justified during the rest of this decade

I expect that future agenda items in the area of water policy for the administration will be the twin issues of water project financing and cost sharing.

CORPS REGULATORY PROGRAM

Let me move on quickly to the corps regulatory 404 program. Of the amount budgeted for operation and maintenance, general, $74 million is to be used to conduct the corps regulatory program. The program has its foundation primarily in section 10 of the River and Harbors Act of 1899 and in section 404 of the Clean Water Act. For the first 70 years the permit program related to those activities in navigable waters which could have an effect on navigation. In the past decade, however, the permit program has been expansively defined by the courts, resulting in regulations to the point where any person who wants to place dredge or fill material in virtually any watered area in the United States, including wetlands, lakes, and intermittent streams, must first get a permit from the corps.

REGULATORY PROGRAM

We have identified five major issues for reform. First, reduction of the time required to obtain permits. Second, better definition of the objectives of the program and a reduction of the jurisdictional extent of the program. Third, reducing the delay in decisionmaking caused by overlapping policies and authorities. Fourth, giving the States more authority and responsibility. And fifth, expanding the use of general permits on a regional and nationwide basis.

With these issues firmly in mind, we and the Office of Management and Budget have been working with the Environmental Protection Agency, the Departments of Agriculture, Justice, Commerce, Interior, and Transportation and the Council on Environmental Quality to develop solutions. I might say the task force that I head made some recommendations to the Vice President's task force early last month and I would expect that there will be some implementing instructions coming down from the Vice President's task force soon with respect to possible modification of the 404 program.

On the subject of manpower and superfund, in the current year, corps employment will decrease by about 2,000 full-time positions. Although the employment ceilings envision a further reduction in fiscal year 1983 of 634 spaces, corps manpower we believe will be adequate to meet the responsibilities. The corps now is studying the most effective and fair way to achieve the fiscal year 1983 reductions without RIF's.

As civil works manpower goes down, corps expertise will be preserved in the Army because we will be shifting personnel to the military construction programs of the corps. As I mentioned earlier, I am hopeful of getting going on some construction new starts in 1983 and, in so doing, provide challenging opportunities for the capable staff of the corps to solve important water resources problems.

SUPERFUND

Another way in which the expertise of the corps will be utilized stems from the recent agreement which we reached with the Administrator of the Environmental Protection Agency, which will enable the Corps of Engineers to supply EPA with management and technical assistance in executing Public Law 96-510, which is the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, known as superfund. Under this agreement, the corps will manage the design and construction and related tasks for remedial actions which EPA and the corps agree upon at the hazardous substance sites.

EPA will provide the funding and the corps will use private contractors for all design and construction. Preliminary projects from EPA indicate the possibility for the corps to work on the remedial design of construction of about six sites during the remainder of this year, fiscal year 1982, and the same projections indicate that we may be conducting design and/or construction activities on or about 12 more sites in fiscal year 1983.

I see this program as an excellent opportunity for the corps, as the Federal engineers, to provide their experience and engineering and management expertise in an appropriate role to support a critical Federal mission assigned by the Congress.

Mr. Chairman, you have been very patient. This completes my verbal statement. Myself and General Heiberg and Mr. Steinberg will be pleased to respond to any questions the committee might have.

REDUCTION IN OVERALL PROGRAM

Senator GORTON. Mr. Secretary, thank you for your statement. Since you began making that statement, we have been joined by our former chairman and friend and mentor, Senator Randolph, by my friend and colleague, Senator Murkowski and by the distinguished Senator from New York, Senator Moynihan.

I understand that Senator Randolph would like to make a brief opening statement. Since I have a fairly extensive series of questions, I will defer to him to make that statement.

OPENING STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator RANDOLPH. Mr. Chairman, I will try to keep it reasonably brief. This hearing, as you know, focuses the attention of the committee on the activities of the Army Corps of Engineers in the performance of the civil works function. Approximately $2.7 billion is requested for fiscal year 1983 to carry forward the activities of this agency.

This is a reduction of approximately 7 percent from the level appropriated for fiscal year 1982. I will not discuss that further. This reduction is not overwhelming but there are aspects which concern me and many others. I am concerned by the recent actions of our good friend, who testifies now, the Assistant Secretary, William Gianelli, as to money appropriated for fiscal year 1982 for certain projects. One of these, which you, Mr. Gianelli, mentioned in a letter to Chairman Hatfield of the Appropriations Committee, is the Tug Fork project in southern West Virginia and Kentucky.

PROPOSED ACTION ON TUG FORK PROJECT

The action proposed by the administration on this project is totally unacceptable. Why do I say that? The Congress, as the legislative body, has authorized to appropriate funds for this project. It is not for the administration—I believe I say that in good humor and yet in truth—it is not for the administration to decide that this project is not a valid activity for the Corps of Engineers. The continued pain and suffering, and the continued dislocation of business experienced by those who live in the Tug Fork Valley is impossible to place in a perspective that people generally would understand.

CONGRESSIONAL COMMITMENT

But we have it documented. We in the Congress specifically recognized that there was a unique characteristic to this valley. When the project was authorized, no cost-benefit analysis was required. Secretary Gianelli, you don't imagine that the Members of the Congress did not know that? The Members of the Congress did know it and the subcommittee and the full committee recognized that no costbenefit analysis was required. The relocation plan developed by the Corps of Engineers was the plan that was adopted.

I, and the other members of the senatorial delegations representing West Virginia and Kentucky, will continue to seek appropriations for this project to bring it to completion so that it serves the flood control needs of the residents—very, very great needs—of the billion dollar coal fields—that is what it has often been called—of West Virginia and Kentucky. This concern carries forward to fiscal year 1983 when this budget proposes no new construction starts and no further money for this project. This country, as my colleagues know, continues to face water resources development needs and yet no new construction starts have been contained in recent budgets.

FEDERAL FUNDING OF INLAND WATERWAYS

Mr. Chairman, I appreciate your work and the work of those on the subcommittee and the full committee. But we must begin to move on new projects if we are to continue our commitment to the American people to meet our water resources needs. I am also concerned over the reduction in operation and maintenance funds related to the proposal of the administration for increased user charges in our inland waterway system. This action, coupled with recent reductions in corps personnel, will make it difficult for our vital inland waterway network to function efficiently and effectively.

The recent decision of the district engineer for the Pittsburgh district to reduce the number of personnel assigned to locks on the Allegheny and Monongahela Rivers has led to a serious potential problem in the movement of cargo through the Port of Pittsburgh.

I and the commercial users of the waterways, certainly understand the need to reduce Federal spending.

I have contributed many votes toward that. But the concern, however, is the reduction in personnel and the relationship to the deteriorated locks and dams on the two river systems which serve our largest inland port. These are old, these are worn. There they are, serving this largest inland port in the United States.

In the overall reduction in the budget of the Corps of Engineers, it is modest. However, the potential for greater future problems raised by the particular areas where Federal spending is being curtailed, the need is apparent.

I look forward to cooperating with all of you, Mr. Chairman, during this hearing.

It is important that we carefully consider all of these items. I shall listen to the questions and the answers and I have listened to the statement of the Assistant Secretary. Certainly the dialog back and forth will be helpful.

We know that the personnel on the Allegheny and Monongahela Rivers have been reduced. When you cut heavily into the people that operate these worn out locks and dams you have done damage to the movement of the cargo that moves on that river.

I want to discuss that because it is highly important.

The personnel in that regard must be intact so far as possible. I know that the information you will give us will be helpful and that we will be assisted by what you say. I have an obligation to the constituency that I represent in this matter of the Tug Valley, and I would not feel right with myself if I failed in that obligation.

Thank you, Mr. Chairman.

PLANNING FOR THE LEVISA AND TUG FORK PROJECTS

Mr. Gianelli. Could I respond to the Senator?

Senator Gorton. You may.

Mr. Gianelli. Let me say I had the opportunity to brief the Senator, as well as Senator Byrd and others here about a week ago with respect to our plans on the Tug Fork. I would hope that we are not, Senator Randolph, violating the instructions of Congress and certainly that is not our intent to do so. But let me talk a little bit about the problem of Tug Fork because it is a difficult one.

The Levisa and Tug Forks and Big Sandy River, Ky., W. Va., and the Upper Cumberland River, Ky., project, to which the Senator alludes, envisions flood control measures at various communities on the Levisa Fork and Tug Fork of the Big Sandy River as well as several locations on the Upper Cumberland River. This project as the Senator indicated, was authorized in the Energy and Water Development Appropriation Act of 1981.

Unlike most projects that come up through the process, the corps had not completed a report which had gone through the Secretary of the Army and there is no specific report upon which the Congress acted and authorized the project.

At the time of authorization in the legislation it is indicated that the project cost was estimated to be $284 million. The total Federal cost of the project now including an allowance for future inflation is estimated at $702 million, all of which is to be borne by the Federal Government.

As of September 30, 1981, we had spent $5 million primarily for planning, design, and in connection with highway construction and we will be spending additional funds to carry out that activity in this 1982 fiscal year.

ADMINISTRATION CONCERNS OVER TUG FORK PROJECT

I might say that, at least from my standpoint, I don't think the administration has any confidence that the $702 million required to complete this project will be available and, as a matter of fact, that it is really the correct figure.

In reaching this conclusion, we have been concerned about a number of problems, especially, first, that the project cost estimate has risen to a current estimate of $702 million from its 1980 estimate included in the legislation of $284 million, and, second, that preliminary plans that the corps has developed at the district level envision dislocations of large segments of the population which may cause difficult problems both to the Government and to the local residents.

In the light of these concerns, we are encouraging the corps to continue its search for feasible projects on specific stream reaches which can be constructed independently with local acceptance.

Funds appropriated for Tug Fork in fiscal year 1982 have been apportioned for use by the corps in formulating such plans. The actual initiation of construction, however, we think should be dependent upon success of developing feasible independently functioning projects which do not require large financial commitments for the outyears.

In this effort, I wish to emphasize, we want to work closely with the local interests so any recommended solution will be satisfactory to the local people as well as to the Federal Government.

The point which it seems to me needs to be emphasized is that this flood control project is different than the traditional flood control project. The traditional flood control project normally envisions a small number of works which will protect a large area. This project envisions a large number of works that will protect specific communities, and so what I am interested in doing is seeing that under the direction of the Congress we spend whatever money we have on those projects where we can get the most return for the Federal dollar for flood protection. That is what we have asked the corps to do, to come up with plans that will provide specific flood protection for specific areas.

That is how we intend to proceed.

OPERATION AND MAINTENANCE BUDGET

Let me comment on the O. & M. budget of the corps, which is a subject I know, that will get additional attention.

The corps O. & M. budget has doubled in the last 10 years. The administration has legislation on cost recovery which would assist in meeting some of the O. & M. costs.

That legislation hasn't moved. If legislation moves this year on cost recovery for O. & M. for navigational projects, the $150 million will be restored. But if that is not enacted, I think the administration just feels that somehow or other we have got to put some sort of a lid on the O. & M. expenditures by the corps. I just wanted to respond.

Thank you, Mr. Chairman.

Senator **Randolph**. Mr. Chairman, could I take a little more time? I am not being facetious, but your food costs more now than it did. Is that correct?

Mr. **Gianelli**. Yes, sir.

Senator **Randolph**. Your clothes cost more?

Mr. **Gianelli**. Yes.

Senator **Randolph**. Where people make some estimates of the costs, are they held accountable?

Mr. **Gianelli**. I think it is a matter of degree. We expect all costs to escalate. When a project cost goes from $284 million in 2 years to $702 million, and I don't have any confidence in that estimate, that is not normal escalation. I think certainly there are going to be reasonable inflation costs. Whether or not the movement from

$284 to $702 in to 2 years is reasonable I don't think I would care to comment further.

SCOPE OF COST ESTIMATE

Senator **Randolph**. This is fine. The project planning was limited to the Tug Fork; is that correct?

Mr. **Gianelli**. No, sir. The legislation, as I understand it, includes the Cumberland Basin, the Levisa Fork, and the Tug Fork. Perhaps I can be corrected if I am wrong.

It covers all of those basins.

Senator **Randolph**. The plan was only for the Tug Fork.

Mr. **Gianelli**. Sir, I think the corps has been conducting planning efforts in all of those basins. The original effort may well have been in the Tug Fork but I think as of late the corps' efforts covered all of those basins in accordance with the legislation, as I understand it.

Perhaps General Heiberg can help me out, if I am wrong on this.

Senator **Randolph**. What is the estimated cost of the Tug Fork element of this overall project as you sit here today?

Mr. **Gianelli**. I don't believe that I have that broken out, Senator. I am relating to the $284 million which covered all of the basins and the $702 million covers all of the basins as well. I don't have a breakout of what could be in just one basin versus the others.

NAVIGATION LEGISLATION

Senator **Abdnor**. Senator Gorton.

Senator **Gorton**. Would the passage of S. 1692 in the form in which it was reported out of this committee and similar legislation on inland waterways which includes, in connection with operation and maintenance, funds that 25 percent local match, would the cap be sufficient to win administration support for added navigation, operation, and maintenance work?

Mr. **Gianelli**. Senator, our bill, the administration bill, had a 100-percent recovery. I certainly am not going to sit here and maintain that that is what will eventually come out of the Congress. But I think what we do need is certainly some movement and some effort in the cost recovery area and what finally would come out of any compromise I certainly couldn't speculate.

But, at the present time, the administration has included in its bill a request for 100-percent reimbursement of those O. & M. costs.

Senator **Gorton**. Are you saying unless you get 100 percent you will resist any additional support for operations and maintenance?

Mr. **Gianelli**. No. I wouldn't say that, Senator. Let me comment further. We have made an effort, when I say "we," the administration, have made an effort to work with the various port authorities to see whether there is any legislation that might be acceptable to them and acceptable to the administration.

We had a couple of months ago a meeting in the Office of Management and Budget. The Office of Management and Budget people, with the Department of Transportation and with the port people, tried to explore whether or not there can be any accommodations from the approach taken by the administration and the law as it now stands.

The port people indicated quite directly that they favor the historical formula which means the cost is to be borne 100 percent by the Federal Government, and that has not been acceptable. So at the present time we are still pursuing the legislation which the administration has sponsored. I would not sit here and say to you, Senator, that the administration is not amenable to some sort of a compromise, but certainly we have not thus far seen any efforts that go far enough in that direction as far as the administration is concerned.

Senator GORTON. S. 1692 does not go far enough?

Mr. GIANELLI. I would say 25 percent is not far enough, Senator, yes.

STATUS OF MOUNT ST. HELENS RECOVERY EFFORT

Senator GORTON. During fiscal year 1980 and 1982, approximately how much money did the corps of Engineers spend in the Cowlitz and Toutle Rivers in connection with the eruption of Mount St. Helens?

Mr. GIANELLI. I think the total figure was something in excess of a quarter of a billion dollars, perhaps $275 million, I think was the figure that the corps spent.

Senator GORTON. How many cubic yards of sediment did you remove?

Mr. GIANELLI. Can I get some help? General Heiberg; staff of the corps?

General HEIBERG. It was a lot, but I don't have the exact figure.

Mr. GIANELLI. We can get figures. We will do that.

[The information follows:]

Through January 1, 1982, a total of 101 million cubic yards of material has been removed from the Columbia, Cowlitz, and Toutle Rivers.

ESTIMATE OF SEDIMENT MOVEMENT

Senator GORTON. Late last year, the corps estimated that approximately 35 million cubic yards of sediment would reach the Cowlitz River during fiscal year 1983 under average flows.

How accurate would that estimate be, given what has happened since the first of October?

Mr. GIANELLI. General Heiberg?

General HEIBERG. I can furnish the numbers of our current studies but it appears that so far the anticipated movement of sediment has not been as great as we feared. It has been somewhat slower than that.

Senator GORTON. Do you understand that in the middle of last month, during heavy rains, the debris retaining structure of the Toutle was breached?

General HEIBERG. Yes, sir, it was breached.

I might say that those debris retaining structures were built with that kind of an event in mind. It was not something that surprised us.

Senator **Gorton**. How much do you have earmarked for this kind of work in the Cowlitz and Toutle in the current fiscal year and in fiscal year 1983?

Mr. **Steinberg**. Senator, we don't have any specific plans to go ahead and do any emergency type protection. We are monitoring the situation. But there are no funds in the budget for flood control emergencies.

Senator **Gorton**. In addition to removing sediment, your work included creating dikes, did it not, together with these retaining structures up the Toutle River for the $250 million plus?

Mr. **Steinberg**. Yes.

Senator **Gorton**. To the extent that additional sediment settles in the Cowlitz River and the Toutle River their carrying capacities are either reduced on the average level of the river is raised; is it not?

General **Heiberg**. Yes, sir. The river bed has been rising as we anticipated. As I noted earlier, the rising has not gone as far as we first feared.

Senator **Gorton**. Do you know how much money in the Federal flood insurance is outstanding in those valleys?

General **Heiberg**. I do not.

Senator **Gorton**. It is about $800 million. Do you regard it as economically more sound simply to watch and to spend no more money there and to risk the expenditure of potentially builts?

LONG-TERM PROBLEM OF MOUNT ST. HELENS

Mr. **Gianelli**. Could I respond to this, please?

The Cowlitz people were in this morning. We had a lonq discussion. They are concerned as we are. The problem we have at Mount St. Helens is that the Federal Government, just the corps, as I indicated in response to the earlier question, has spent in excess of a quarter billion dollars.

What we have is a situation that is unlike any catastrophe that I have ever seen. The problem is that we have a continuing problem there. In other words, if it is some other kind of a disaster, it comes and gets repaired, and we are back to normal.

The situation we have here is with the movement of the materials. This is going to continue to take place. The mud is going to continue to be carried down and the meandering of the stream and erosion will continue to take place. We are going to have a continuing and very difficult problem until some long distant time in the future when that stream system stabilizes.

I certainly cannot speculate when that will be. What we have suggested in the Army and the corps is, let's try to get a handle on the long-range problems presented by Mount St. Helens in the situation which we have there now. Let's try to sort out the responsibilities between the State and the local governments and the Federal government. I think the problem has to be approached more on the basis of a long-term flood control project and how we take care of the flood control problems that are likely to occur there rather than to try to take a band-aid approach.

For example, when the people from Cowlitz County were in to see me this morning, they showed me some severe erosion that is taking place along the river.

I understand that. The point is that if that erosion isn't arrested it may cause a road to wash out, and some residences to wash into the river. But the problem you have is that the river in its present state is continuing to meander. If you repair the embankment and protect it from erosion today, the river may change its channel and you will have another embankment to protect tomorrow.

What I think we ought to have the corps try to do, if at all possible, is to come up with what is the most cost-efficient way to provide an answer to the problems in the Cowlitz area.

For example, it very well may be more efficient and more beneficial to everybody to move some of those people out of there rather than trying to protect every embankment from erosion as the stream channel changes.

As to the matter of the debris basins upstream, the debris basins are filled. I think they did a very good job last year in preventing some of the material moving on down. Certainly, if those basins were vacated now, it would help, but they will fill up again very rapidly. There is also debris that moves down from the areas below the upstream debris basin.

So I have great sympathy with the people in that area, but it seems to me that we in the administration and Congress have got to take a look at how best to solve that problem, and how best with what dollars that go into it, in terms of providing the long-term solution for the people in the Mount St. Helens area.

ADDITIONAL FUNDING

Senator GORTON. In the course of the next 2 years, you should just let whatever roads wash away be washed away and whatever houses fall into the streams will fall into the streams?

Last year you stated that you would request some $70 million for fiscal year 1982. But you have not made that request?

Mr. GIANELLI. That is correct. The budget did not include, I think it was $68 million; that was for some of the work which, for example, people would like to have undertaken and which the corps could have set out to do.

Mr. STEINBERG. Senator, at last year's hearing, we stated that projections of fiscal year 1982 requirements were as high as $150 million.

Senator GORTON. Last year, David Stockman, Director of OMB, when he was testifying, stated that he didn't feel, as you have just testified, that this was a unique disaster in the sense that it didn't come and disappear, that it was one of appropriate not for a cost-sharing type of situation which we have described, which you have recommended for normal operations and maintenance but is a Federal disaster and that he would make such recommendations.

The Office of Management and Budget now tells us that its hands are tied in making the recommendations, that the corps has not asked for any money from OMB for this; is that correct?

Mr. GIANELLI. The administration has not included in its budget request the $68 million to which you refer; that is correct.

Senator **Gorton**. Does not have any intention of doing so in the foreseeable future?

Mr. **Gianelli**. It is not included in the budget submitted to the Congress.

Senator **Gorton**. What do you suggest the people who live in those areas do, including those in the incorporated cities?

Mr. **Gianelli**. I don't know that the $68 million is going to solve their problem. I suppose the more money that is spent up there, you know, the better job you can do toward protecting some of the people. But somewhere along the line, it seems to me, we have to step back and say, how long does it go on? How do we do it? I have no confidence that the $68 million, for example, is going to prevent the problems that the people in that area are going to have as a result of Mount St. Helens.

Senator **Gorton**. What is the position of the corps about either its responsibility, the overall Federal responsibility or what should be done?

Mr. **Gianelli**. The position of the corps, the Army, is that we have spent over a quarter of a billion dollars trying to help out on the problems of that area.

We think now it is time to step back, take a look from a planning standpoint, and see what needs to be done in the long haul trying to sort out the responsibilities between the various Federal agencies to the extent there are those responsibilities left and those of the local people. We believe we must proceed with a long-term project which is aimed at, insofar as possible, solving the problems on the long-term basis.

Senator **Gorton**. So you do feel there is some Federal responsibility for a long-term solution?

Mr. **Gianelli**. I would suppose there is, yes, from the standpoint of the roads and the bridges for the Department of Transportation and the Department of the Army; maybe with respect to navigation. Yes.

Senator **Gorton**. Considering the fact that you have invested a quarter of a billion dollars to this point, and assuming that there is presumably some long-term Federal responsibility, should you at least attempt to maintain the status quo while this reconnaissance study is going on?

Mr. **Gianelli**. I don't have any great confidence that the $68 million will retain the status quo. It will certainly do some good but I don't have any confidence it will solve the problems the people were talking to me about this morning.

Senator **Gorton**. But certainly doing nothing is not going to solve the problem.

Mr. **Gianelli**. Certainly doing nothing is not going to solve the problems either, correct.

Senator **Abdnor**. A vote is on; shall we go vote now and come back?

Senator **Randolph**. Mr. Chairman, I would suggest that one or two of us go and one or two stay and the continuity of the hearing could go on? We have 15 minutes for the rollcall.

Senator **Abdnor**. If we had done that at the outset, it would have been fine, but I think it is down to the place where we all have to go vote.

Senator **Domenici**. Mr. Chairman, I cannot come back after the vote. I would rather wait until the final call if it is all right with the chairman.

Senator **Abdnor**. Senator Murkowski?

BRADLEY LAKE, ALASKA

Senator **Murkowski**. Thank you, Mr. Chairman.

I was pleased to note in your prepared remarks the reference to the status of potential new construction. I will be very brief in my reference to a power project, Bradley Lake, and some projects that the State of Alaska is interested in.

You make reference to the fact that hydroelectric is 100 percent non-Government funds. My question is why wouldn't your classification be a little more positive? What do you need more than has been submitted to get an affirmative acceptance?

Mr. **Gianelli**. I think we have had some very constructive discussions with your State, Senator.

I think there is some sort of legislation required. It is my understanding that in our discussions with the State of Alaska they have in mind certain roles that would be played, for example, by the Power Authority, by the Corps of Engineers and by others. So it is my understanding that there will be legislation required and that there is some desire to have the corps proceed to do the work.

So I would view this as not having any insurmountable problems in connection with the project, other than working out some of the details.

Senator **Murkowski**. My staff can work with your people to make the determination just why we are hung up on that.

Mr. **Gianelli**. I don't think we are hung up, Senator.

KAKE HARBOR, ALASKA

Senator **Murkowski**. On the navigation project, Kake Harbor—that is deferred under your category for 2 years—yet I note that it probably falls in the area of deep-draft commercial navigation which is 75 percent funded.

Could you enlighten me on the status of that particular project and why it might be deferred for 2 years? Is my category correct in including deep-draft navigation?

Mr. **Gianelli**. It is my understanding the State asks that we defer, since we had written them a letter to see whether or not they would be interested in some arrangement to move the project ahead in 1983. It is my understanding that they asked that this be deferred until 1985.

It doesn't preclude us from continuing to talk to them.

Senator **Murkowski**. I don't believe we have had an opportunity to discuss that particular project with your people. We have no knowledge of that and we appreciate in the future being advised. I know the city of Kake in any event doesn't concur in what you allege is the position of the State of Alaska.

Mr. **Gianelli**. I think we should share with you a copy of a letter we got from the Governor.

Senator **Murkowski**. From the delegation?

Mr. **Gianelli**. From the Governor.

Senator MURKOWSKI. From the Governor?
Mr. GIANELLI. Yes.

PORT LIONS, ALASKA

Senator MURKOWSKI. Two other quick questions. The Port Lions breakwater, the corps during the last construction season constructed a breakwater at Port Lions. The winter storm damaged it. It is my understanding that the corps has not yet programed funds to repair that project. We understand that a request has been made by the corps to the State of Alaska to provide funds for the project.

It is our opinion that it is the responsibility of the corps since the project was not finished and has now been damaged.

Mr. GIANELLI. Can I ask Mr. Steinberg to respond to that for you?

Mr. STEINBERG. Actually, Senator, this is a repair job and also improvement over and above the original project. So the request to the State is in conjunction with the improvement.

Senator MURKOWSKI. I was concerned with the damage done by the storm last year.

General HEIBERG. We have not finished our analysis of the issue of the responsibilities from the damage.

Senator MURKOWSKI. You have?

General HEIBERG. We have not finished our analysis.

Senator MURKOWSKI. What is the policy of the corps in cases like this where they start a project that has been damaged? Do they go back and go again?

General HEIBERG. Our present policy, sir, is to reexamine the issue of the cost sharing and come up with the same cost sharing that is now applied.

Senator MURKOWSKI. The same funding source as has been previously established?

General HEIBERG. No; we would use the present cost-sharing standards to apply to that.

Senator MURKOWSKI. I would appreciate getting together with your staff. I don't think there is any point in going into detail, but it seems to me the corps has started the project that has been damaged without at least bringing it back to the point where——

Mr. GIANELLI. Could we respond in writing?

Senator MURKOWSKI. Yes; I appreciate that. (See p. 537)

SNETTISHAM, ALASKA

On the Snettisham project, I would like to know why the corps is prevented from proceeding under the construction contract which has been let.

Mr. GIANELLI. We are going to go ahead with this project. We think it is a good one. We think it is perhaps similar to Bradley in that it is a power project.

Senator MURKOWSKI. Aren't we discussing terminology here though, whether it was a project in one phase or two phases and if you start a phase usually you conclude it. I think the discussion that we are concerned about is whether it is, in your opinion, a two-phase or in our opinion a one-phase.

Mr. Gianelli. Let me respond, Senator, by saying that the Army did recommend a start in fiscal year 1983 on this, which we think is a high-priority power project.

What we want to do is to, again, work with the local people if we possibly can, to see whether or not we can make the project conform with what we are trying to do with respect to Bradley Lake and that is have it funded outside of the Federal budget.

DREDGING IN ALASKA

Senator Murkowski. On the dredging programs in Alaska, the Ports of Dillingham, Homer, and Ninilchik are proposed not to receive funds for dredging. I am also told that the Ninilchik will close in 1 more year and is not the most important of the three. How does the corps determine which ports to drop from the program?

Mr. Gianelli. I would like to ask the corps to respond to that.

General Heiberg. Sir, that was caught by the criteria that Mr. Gianelli covered in his earlier testimony with respect to the $150 million O. & M. reduction.

Senator Murkowski. That you prioritized?

General Heiberg. Yes.

Senator Murkowski. By what?

General Heiberg. We prioritized primarily based on——

Senator Murkowski. Cost benefit?

General Heiberg. No, sir, on the use of the projects.

Senator Murkowski. We would be interested in discussing that with your staff.

I will conclude in consideration of my colleague, Senator Domenici, who cannot come back either.

The other programs in Alaska that we are continually concerned with on a cost-benefit ratio as part of the priorities, including the Juneau dredging, airport, and dry straits. We will be discussing them.

I am sorry I don't have more time to go into more detail on these important questions. We will look forward to working with you.

STATEMENT OF HON. PETE V. DOMENICI, U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator Domenici. Senator, I didn't want to keep you from talking about your projects. I just wanted to make a general point.

I am not here to complain about any project starts, stops, or excesses. I am here because I think this committee has to recognize that the corps' budget is a disaster and it is not your fault, other than you might be faulted on policy grounds.

We are now 65-percent down over 15 years in real dollars for corps projects. I submit we are going to have this kind of problem every year until we get on with serious cost sharing and until we get on with user fees and do it in spades. I commend you for holding back on the $150 million in dredging money until you see whether the Congress wants to pass some kind of a law that will recoup some or all of that from the users. Unless and until we wake up to that fact, we are going to be here with tighter budgets every year and with just as much demand if not more.

Obviously we can go through the details. I understand this is a hearing for a rough submittal to the Budget Committee; is that correct? I commend you for your statement, Mr. Chairman. I think you were right and I really don't think we are going to squeeze any more money out of this budget. There will conversely be plenty of people that want more added. But it appears to me we are going to get nowhere with a superb engineering arm of the U.S. Government, the greatest in the world, unless and until we come to the reality that we have got to find additional revenues from those that benefit and those that use.

That is the end of my statement. I commend you for your diligent efforts to try to restrain this budget and it is tough. Those numbers are devastating, that in 15 years with more and more projects needed, rather than fewer, and water being a major problem, that we are down 65 percent in dollars. You are down again. I don't see how you can help it so long as we have to squeeze the discretionary accounts of this country as we have.

Thank you, Mr. Chairman.

Senator ABDNOR. We will return right after the vote.

[Brief recess.]

CONSTRUCTION PROGRAM

Senator GORTON. We will proceed. I have a couple of additional general questions for you. But as you recognize, several of the Senators did not get that opportunity.

Mr. GIANELLI. Yes.

Senator GORTON. The budget calls for construction work on a total of 159 projects with 24 to be completed. Could you tell us how many corps construction projects were in the budget 5 years ago by comparison.

Mr. GIANELLI. I would like to have Mr. Steinberg address that.

Mr. STEINBERG. We had roughly twice that, Senator. We were up around 300 projects.

Senator GORTON. How many?

Mr. STEINBERG. Roughly 300 projects 10 years ago.

Senator GORTON. At the present trend without new starts, what would be the size of the corps construction program both in projects and dollars 5 years from now?

Mr. STEINBERG. Our projections, based on the schedules in the budget justification sheets, would indicate 76 projects would be in the budget after fiscal year 1987. It is difficult to say what the requirements would be for those projects because we would have inflation. But it would be down.

Senator GORTON. So the graph has continued to go down?

Mr. STEINBERG. Yes.

Senator GORTON. Thank you.

Mr. GIANELLI. Could I add to that? That assumes that you have a traditional way of financing these projects. It is our hope, as I say, as I indicated in my statement, we can put a lot more projects together and spread the Federal dollar a lot further. So it is our hope that those prognostications will not come about.

O. & M. REDUCTION

Senator **Abdnor**. The $150 million cut in navigation maintenance represents approximately a quarter of the navigation maintenance budget, yet, because the cut is to be made in the lesser used waterways and harbors, the reduction would appear to affect a smaller percentage of the inland and deep-draft traffic. Would you give us an estimate of the percentage of the traffic affected? How much of that are we actually cutting back in the traffic itself?

Mr. **Gianelli**. Senator, I don't have a figure on that. Let me say if you figured it on a tonnage basis on the deep-draft ports there would be a reduction of 2 percent, as I understand the tonnage, and on the inland waterway, there would be a 5-percent reduction. Excuse me. The inland waterway wasn't the question. It is just $150 million.

Senator **Abdnor**. About 2 percent overall?

Mr. **Gianelli**. Of the deep draft. Yes.

Senator **Abdnor**. How about the inland?

Mr. **Gianelli**. Excuse me. We also should add 5 percent of the inland waterway and 2 percent deep draft.

Senator **Abdnor**. Are you cutting out the $150 million, that is all that would be affected in the way of total?

Mr. **Gianelli**. That is what I understand is the basis of their figures and that assumes there will be no legislation that puts back the $150 million.

FISCAL YEAR 1983 NEW STARTS

Senator **Abdnor**. Let me ask you this: Could you be a little more specific about the status of your negotiations to get some new starts in fiscal year 1983?

Mr. **Gianelli**. Yes. We have submitted as part of my statement, Senator, a tabulation which indicates the 12 projects that we have been looking at preliminarily. Of those 12 projects what we did was to address correspondence to them and indicate to them what we were going to expect in the way of new ground rules for 1983 and ask them if they were interested in talking about a possible new start with respect to their particular project. These are projects that are already authorized.

In the tabulation which we provided you, we submitted a response status from each one of the agencies and, just quickly going through the 12, in a little over half we are carrying on some further discussions with them, with a possibility of reaching some sort of an understanding whereby we could put in a supplemental budget request for 1983 which will allow those projects to proceed. I have been very encouraged by the response that we have had from them. We have not signed on the dotted line but I hope within the next month or so we will have been able to reach some sort of an understanding on cost sharing and upfront financing such that we will be able to ask for a supplemental budget request. That is our intention with respect to these 12 projects.

Let me add that if there are those projects of the 12 that we are not able to move ahead, we are going to replace some of those with additional projects which have been already authorized, so that we can get a substantial number of new starts in 1983.

In addition, we have been talking to the people down at Norfolk and Hampton Roads; they have a deep-draft waterway dredging project that is in its final stages of review. The report is in my office right now. The project has not been authorized by the Congress, but there is some indication that the local people are willing to put up substantial amounts of money in an effort to dredge the channel part way toward the ultimate depth.

At the present time there is a 45-foot channel. The ultimate project contemplates a 55-foot channel and what we are talking about now is working out some arrangement whereby we could perhaps stage the overall project and proceed with a project that would be 50 feet in depth at a much lesser cost which cost could be shared by the Federal Government and the local people in order to get the project moving in 1983.

I don't know whether that is enough of a detailed response. If you had a specific question you wanted to ask me about each one, I can respond, Senator.

Senator ABDNOR. The overall response has been quite good.

Mr. GIANELLI. The overall response to our offer has been quite good and if your committee is interested I would be glad to supply you with the copy of those responses. I might say we are continuing discussions and, as recently as Friday night, we spent about 2 hours with the people of Baltimore and while we don't have anything agreed to there, I am very encouraged by the discussions and I am hopeful that we can move in the direction which we indicated.

Senator ABDNOR. Just for the record, these groups are still negotiating?

Mr. GIANELLI. I can run down through these if you like. There are 12 projects which we have listed with you as those which we started our discussions with. Jonesport Harbor in Maine is still under further consideration by the State. We expect to hear further from them. Baltimore Harbor, we have had a number of meetings with them and I am hopeful that something can be worked out.

Senator ABDNOR. Who are you talking to?

Mr. GIANELLI. With the State of Maryland and the Baltimore Harbor Port Authority. With Freeport Harbor, we have been working with the Freeport Harbor Port Authority. We have had a number of discussions with them and will be continuing to have some discussions. We are very optimistic that we can break down that project into some component parts and build part of the project with available Federal and local funding.

That project as you may or may not know, Senator, involves the rehabilitation of some jetties. In addition to deepening the channel, the entrance channel, we think we can go ahead with some partial amount of work and make that work productive within the funds that might be available. So we are carrying on discussions there.

Kake Harbor, Alaska, I stated in response to Senator Gorton, that the State—excuse me, I mean Senator Murkowski—indicated that they wanted to defer further consideration of that until 1985. The Senator indicated he wants to have some further discussion. We certainly will oblige him.

Ponce Harbor, Puerto Rico, they are unable to accept now. So that one is off consideration at the moment. They were all navigation projects.

Now hydropower projects. Strube Lake in Oregon, we have been meeting with the city of Eugene. They are very interested. We have some problems with that. It is a hydro project and we think we very well may be able to put a package together there in accordance with the ground rules we have tentatively laid down. Bonneville fishway is a project where you would put a powerplant in the fish facility. We do not yet have a sponsor that has been identified. We talked about it with Bonneville Power Administration. We will be talking to others. But right now we are not carrying out any further discussions on the Bonneville fishway powerplant but we do think that may very well turn out to be a good project.

Bradley Lake, Alaska, they have accepted our arrangement tentatively. They have legislation that has been introduced into the Alaska legislature to carry out the provisions.

As we responded to Senator Murkowski, I am very optimistic with respect to moving that project ahead under the criteria.

Senator ABDNOR. Back to Bonneville, you say no sponsor identified. Does that mean the interest isn't there?

Mr. GIANELLI. We have been unable to identify one yet. I think we have some more work to do locally. Normally I would assume that the Bonneville power people might be interested but it is very small and they have not displayed any great interest thus far. But we think it is a good project. I think eventually we will probably find a non-Federal sponsor who may be willing to proceed.

NON-FEDERAL FINANCING

Senator ABDNOR. This 75 to 100 percent of non-Federal, do you put up some up-front money to get it rolling?

Mr. GIANELLI. You are talking about the navigation projects. What we are going to do—that is the 75-25. The hydropower is 100 percent.

Senator ABDNOR. What do you do in the case of hydropower? Do they have to have all the dollars?

Mr. GIANELLI. Yes; the corps will be carrying out some of the planning as they have historically and hopefully we will be able to work out some sort of arrangement where the local financing will take over. We have not thus far advanced any Federal funds for those hydropower projects.

Senator ABDNOR. That is a little bit of a problem for some of the smaller units of government to put that capital together.

Mr. GIANELLI. It may very well be. We very well may have to take a look at that, Senator, to see whether or not there shouldn't be some consideration in some of those cases where they are good projects, perhaps some Federal money put in where it might be reimbursed. We have only done that with respect to the hydropower. We have—I mean with respect to the navigation. We have not done it with respect to hydropower.

Senator ABDNOR. When you set up this formula, the ratio of the Federal to the non-Federal doesn't need approval from the Congress; does it?

Mr. GIANELLI. No; I want to make it very clear. I want to say it again because I am not sure you were here when I commented in my presentation. This is merely what the corps has done in order to get some projects off the ground in 1983. The administration, under the Assistant Secretaries' working group, has a subcommittee looking at the whole matter of the cost sharing from a Federal standpoint. This just relates to the corps program. I personally don't think what we are doing is going to be inconsistent with what the administration may eventually come up, but the administration has not yet come up with any cost-sharing formula.

Of course, the Congress has not given us any input either. So these things are only for 1983. That is only an effort to get some projects going. The formula will be modified depending on what comes out of the Congress and what the administration may finally do.

Moving on to the flood control projects, in New York, the Dansville project, tentatively rejected. They want to wait. The Davenport project in Iowa, the city manager is recommending acceptance to the city council. So that is under active consideration. Merced County Streams, Calif., that has tentatively been accepted. With respect to the multipurpose project in North Carolina, they are unable to accept our proposal now, but we had a meeting last week and we are going to take a look at possibly staging out the recreation part of the reservoir and proceeding with the water supply and food control. We still have that to work out.

We are carrying on some discussions with them.

On other projects which may replace the first 12, we are looking at a flood control project in Hawaii, another flood control project in New York, a flood control project in Virginia Beach and, as I indicated earlier, we are looking at a possible navigation project in Norfolk. So these are the people we have been discussing this approach for 1983 with.

Senator ABDNOR. Thank you.

That will complete our questions, Mr. Gianelli, but would you mind waiting around for a few minutes in case we have some members who will return? We will appreciate it very much.

Mr. GIANELLI. Yes, sir, thank you.

Senator ABDNOR. At this time we will call on Dr. Garrey Carruthers. While we are getting organized, Dr. Carruthers, I have some questions I am going to submit for the record for Mr. Gianelli. I will ask unanimous approval to put it in the record. (See p. 456.)

We are happy to have with us Dr. Carruthers and Mr. Broadbent. So gentlemen, if you care to proceed, again I apologize. I know you are extremely busy.

STATEMENT OF GARREY CARRUTHERS, ASSISTANT SECRETARY OF INTERIOR FOR LAND AND WATER RESOURCES, ACCOMPANIED BY GARY COBB, DIRECTOR OF THE OFFICE OF WATER RESEARCH AND TECHNOLOGY; AND ROBERT BROADBENT, COMMISSIONER OF RECLAMATION

Mr. CARRUTHERS. Thank you, Mr. Chairman. It is a pleasure to be here.

This is my second visit. I was here last year, briefly, to cover several of these topics. I have with me Gary Cobb, Director of the Office of Water Research and Technology, and Commissioner Broadbent from the Bureau of Reclamation.

Mr. Chairman, I would like to submit my testimony for the record and make some comments highlighting that testimony.

Senator ABDNOR. It will be made a part of the record.

Mr. CARRUTHERS. With regard to the fiscal year 1983 budget request, this represents our second request for zero funding for the Office of Water Research and Technology and the Water Resources Council.

We continue to reiterate the administration's position that any of the activities of the Office of Water Research and Technology could be undertaken by the States and their role of allocating and managing water resources could be undertaken by the private sector in that we have vast examples of the private sector's activities in desalting and water reuse.

In the Office of Water Research and Technology we have RIF'ed a number of employees down to the 23 permanent now allowed by the Office of Management and Budget, but nearly all personnel who were reduced in force have accepted temporary positions with the Bureau of Reclamation. We are very pleased that the Commissioner of Reclamation and the Bureau of Reclamation was able to absorb nearly all of those persons.

The Water Resources Council is being phased down. We have transferred assets for five of the six title II river basin commissions to State-sponsored successors, the only exception being the Pacific Northwest where we have a budgetary problem we are trying to resolve right now. Once that budgetary problem is resolved, remaining assets, if any, of that river basin commission will be transfered to a State-sponsored association. Both the Office of Water Research and Technology and the Water Resources Council phase downs are now being managed on our management by objective system.

The water resources research institute program will be monitored in the Office of Water Policy. Desalting and water reuse and the international programs will be monitored in the Bureau of Reclamation.

The Water Resources Council [WRC] will wind down with the repeal of the principles and standards to be replaced with the principles and guidelines. WRC will complete the review of the national water assessment and take care of unfinished business in flood plain management, regional and State water resources planning.

The Bureau of Reclamation, although not the subject of this committee, looks forward to the new starts as does the Corps of Engineers and we will be pleased to answer any questions about these new starts or these water policy program aspects that I have mentioned in the testimony, Mr. Chairman.

Senator ABDNOR. Thank you.

Dr. Carruthers, the administration budget states that $3 million will be proposed for the new Interior project starts. How many projects will this start?

Mr. CARRUTHERS. Mr. Chairman, would you repeat the number? Three million dollars for 1983 new starts?

Senator ABDNOR. Yes.

Mr. **Carruthers**. Mr. Chairman, our understanding is that there is some money that will be identified by the administration for all new starts. It is capped, but it is not my understanding that we have asked for $3 million specifically for new starts.

With regard to your question, the $3 million for the starts will probably start two or three projects in terms of the first year's funding, but the obligation must grow significantly beyond the first year.

Senator **Abdnor**. Are you doing any negotiating with anyone now?

Mr. **Carruthers**. Yes, sir, we are.

Senator **Abdnor**. Could I ask you which one?

Mr. **Carruthers**. We have an interest in seeking cost sharing on another dam in California and we have people in the Bureau of Reclamation who have visited with interested parties regarding that dam and we also have some interest in Colorado, on a project, the Narrows project.

Both of those States have indicated a willingness to assist in cost sharing on those projects and Mr. Broadbent may wish to name others that he is working on that I am not aware of at the moment.

Mr. **Broadbent**. If I might, Mr. Chairman, in the State of Wyoming, several projects including the Bonneville Dam enlargement and Pole Cat Bench, in several States we have active negotiations going on, single purpose hydropower projects, negotiations on three projects; in the State of Idaho, one in Colorado, besides Auburn; another one in California, and there may be one or two others.

Senator **Abdnor**. You have asked for either State or local participation. Is it the same figure all the way on the projects? Does it vary? How are you going to make that determination?

Mr. **Carruthers**. Mr. Chairman, right now we are trying to seek interest on the part of possible participants in the new partnership that we think is necessary for water development. We haven't identified for most of these potential users what the percentage will be until such time as the administration states its cost-sharing position.

However, we are quite aware that some of them be 100-percent capital recovery plus interest such as the municipal, industrial water, hydroelectric power. So where we know for sure that it will continue to be 100-percent capital recovery we are able to seek that kind of interest.

The questions of recreation, flood control, irrigation, and wildlife enhancement has still not been determined by the administration.

Senator **Abdnor**. Will you put most of your attention, then, to the local, available local share or will you give some thoughts to identifying need? There are places which I have often wondered about, areas, because of the economic conditions of the State, they are having a great deal of difficulty, yet they have a tremendously important need. How will that be handled?

Mr. **Carruthers**. Mr. Chairman, we will address with the Cabinet Council on Natural Resources and Environment the need for considering cost sharing versus up-front financing simply because the National Governors Association has indicated to us that it is discriminatory against some States to require up-front financing.

That determination has not been made, but I think both of those proposals have to be addressed by the Cabinet Council. My personal sympathy is that if in fact you require too much up-front financing, you will in fact discriminate against small areas or in some cases some States.

Senator ABDNOR. I am glad to hear you say that because that is a real problem from State to State.

We have already heard that. We are one of the more blessed States with natural resources that are very valuable and needed today. You can talk to these people rather readily. Then again those that really need it can do very little about it. It is going to take all kinds of up-front money.

Would the Bureau of Reclamation be capable of handling the water research program that was transferred to that office?

Mr. CARRUTHERS. Mr. Chairman, in 1982 we would expect the new Office of Water Policy in the Office of the Secretary to monitor the institute part of the program. We believe that the OWRT program has two aspects, one is basic research undertaken with the universities, in cooperation with the universities.

The desalting reuse program combines elements of research and development. That aspect of the program thus fits in the Bureau of Reclamation in my mind and I will recommend to the Secretary that those activities, plus the foreign activities—where we are helping other countries put in place the kind of water technology we have, we think those aspects ought to be transferred to the Bureau of Reclamation. They are comfortable with taking care of it and have accepted some of the personnel, some of the personnel that have been reduced in force have now been given temporary positions with the Bureau of Reclamation.

Senator ABDNOR. Thank you. Almost a year has gone by since Senate 1095 came about, but a year later does the administration have any objection to the establishment of an official coordinating water policy board with an independent chairman?

Mr. CARRUTHERS. I will wait for Secretary Gianelli to join me on that, if you would like. I can't speak for the administration on that. But we might defer that question.

Senator ABDNOR. Does the administration object to the establishment of an official role for the States in advising the Federal Government in water policy? How do you feel about that?

Mr. CARRUTHERS. The new Office of Water Policy in fact, encourages advice from the States. You heard Secretary Watt say many times that national water policy should be built as the mosaic of the State water policies.

We have to be in communication with States. I think you understand the Department of the Interior has been quite responsive to the State of South Dakota, but we have looked to the leadership in yourself and the Governor and others in South Dakota to tell us what we need to be responding to. That is the tack that we will take in development of water policy in the Department of the Interior.

Senator ABDNOR. We appreciate the consideration we received, but I am just wondering all the time, about our general overall policy, trying to pick up 50 States all at one time. Wouldn't we be better off if we didn't have a State policy group that spoke for all

50 States? I realize each State is different. But still if you had an official role, where they participated in policy to some degree, don't you think that would add strength to the overall water program?

Mr. CARRUTHERS. Mr. Chairman, I have discussed that with people in the States. They indicate to me that there are 50 different sets of State water laws, that the only time the committee that would be truly representative would be one representative from each State, which would give you 50. But the States do differ. Some of the best water people in the West have indicated to me it would complicate this matter.

I suggest to you that most water problems are solved by the major agencies that deal in water, EPA, the Corps of Engineers, Bureau of Reclamation, Soil Conservation Service, et cetera. Those contacts ought to be improved and our communication system through the traditional bureaus, through the departments that have actually had programs would be the best avenue to follow.

Senator ABDNOR. Do you believe institutes can play a valuable role in the development of our water resources?

Mr. CARRUTHERS. Yes, sir, I sure do. I don't think as currently managed that we have had an effective institute program. I believe that we developed 10 or 12 very effective institutes, but the rest of them have not been sufficiently managed and/or encouraged by the Federal Government to do the kind of job that we would expect.

I also believe that the States ought to assume a greater responsibility in research and that we need to see a greater commitment on the part of the State governments who have these water problems to join in this research activity.

Senator ABDNOR. Do you think the Federal Government should continue a role in any degree at all?

Mr. CARRUTHERS. The Federal Government has a number of research programs in water resources. The Office of Research and Technology actually being a smaller one, the U.S. Geological Survey has a water survey, the U.S. Department of Agriculture has over the years committed funds to that kind of research. The Bureau of Reclamation has some water research under way in their areas of interest. So the water research program goes on, yes, the Federal Government's role in water research is recognized.

Senator SYMMS. Mr. Chairman, I am sorry I was late. I may submit some questions for the record.

Senator ABDNOR. Very fine. We appreciate that.

Senator MOYNIHAN. I voted.

Senator ABDNOR. Go right ahead.

Senator MOYNIHAN. Mr. Carruthers, good afternoon.

I am sorry I wasn't able to hear your testimony. I was on the floor with a resolution we are voting on now. But let me ask you a few questions of a general order and Secretary Gianelli is here. I wonder, Mr. Secretary, would you mind joining your colleague there just to hear a few complaints from a member, I think a matter which any number of members of this committee may share my concern.

General Heiberg, I think, would know about it as well; that is, that we have the feeling that the administration has not come forward with a national water policy. It doesn't look like it is going to;

I would be happy to hear that you think otherwise. You would know of our concern that water policy is defunct in the United States, that a set of arrangements that were in place securely for various periods of time, the inland waterways development goes back to the 1830's. There was great debate about whether this could be done and the Wig view prevailed, and the Mississippi-Ohio project commenced with extraordinary consequences internally. Flood control and the Bureau of Reclamation began at the turn of the century and was a western enterprise due to Roosevelt's conception and then the flood control projects that started out from the Ohio floods in the 1930's.

Then the general water power development as well has come along in this century. They have all stuck. There is nothing new that commences. There really hasn't been a water bill authorized since 1972, a very minor bill that President Ford signed in 1976. President Carter's administration came without any. We would look to the new administration for some sense of why this stalemate has come about and what to do about it.

I don't assert that because you haven't done it in 12 months you are not doing it or not trying it. But I would like to hear about it.

We are a little worried. The Corps of Engineers, which is a national enterprise, finds its construction budget cut by 6 percent, well below previous years. Then the Bureau of Reclamation, a regional enterprise, finds itself increased by a quarter of it, 22 percent.

One of the things that we are aware of here, or at least I would argue, one of the forces of the stalemate in water programs is that we are regional bodies. We have just had the Congressional Research Service do some studies for us.

This speech will end I assure you—you may not think so.

Of the total Federal water resources expenditures from 1956 to 1980, a quarter of a century, 40 percent was spent in the West; 36 percent in the South; in the North Central 19 percent; and in the Northeast 6 percent. In the economic report there is a good discussion of Federal system and the division of roles in the Federal system; I mean a very thoughtful assessment of what should be national, what should be State.

There is a passage that says, Government services that provide benefits only or predominantly to residents of a specific region such as urban transit and sewer systems could probably be provided more efficiently by State or local governments and financed by State and local taxes or user charges by those persons directly benefited. They leave out water and the few increases in this budget has a significant increase for the Bureau of Reclamation which is a sharply regional enterprise and cuts off the Corps of Engineers.

This troubles us, it troubles me, it troubles me so much I am going to talk all afternoon and not give you a chance to answer, but how do you feel about this? You must know it to be a problem.

Mr. CARRUTHERS. We are going to have to plead guilty of not having read that particular paper on water policy. We plead guilty to that. But we must tell you that this administration is very prowater, very prowater development. We haven't been as agile and coordinated, perhaps, as the Senator desired. But we have moved out in a number of ways.

I believe the transition of principles and guidelines was an important first step taken under the chairmanship of Mr. Gianelli to get back into water projects both in the East and the West. There is no discrimination there at all. Cost sharing is our way of saying, and Senator, I am aware of your interest in cost sharing and recognition that cost sharing must occur if we are going to have aggressive water development programs. It is the second thing that we are trying to do to get back in to the water business across the country and involved in our deliberations are the EPA, Soil Conservation Service, the Corps of Engineers, and the Bureau of Reclamation, all three of the four having national concerns; national constituencies.

I would say also to you in the Department of Interior for which I have some responsibility, that we have attempted to address some of your concerns in the new Office of Water Policy, which considers all water policy. That includes the Fish and Wildlife Service, the Park Service, the Bureau of Indian Affairs, and so on.

So we are slowly growing in this administration toward the kind of responsiveness you seek. We have arrived at a water policy. Perhaps Secretary Gianelli would like to respond.

ADMINISTRATION'S WATER POLICY

Mr. **Gianelli**. Senator, I would like to add to what Dr. Carruthers has commented upon. I am not sure whether you have in mind that there would come out of the administration one thing that would be called water policy.

Senator **Moynihan**. I am not sure, either. That is an easy thing to tell a President you ought to do. It always turns out to be a lot more fractionated. I was talking to the President about national urban policies.

Mr. **Gianelli**. I have a vision of carrying it forward a little bit differently than that. I think the administration has moved out in the area in which I am familiar and I have been working with the corps projects, for example, on the legislation with respect to user fees, both for deep-draft navigation and inland waterways. We have nothing enacted. I understand that. But I think what we tried to say from a policy standpoint, the administration, I think, is firmly taking the position that the old rules of the game cannot apply anymore and that we have got a very——

Senator **Moynihan**. The old rules don't work, Mr. Secretary. They just aren't working.

Mr. **Gianelli**. Exactly, for the reasons that you alluded to. Therefore, we are moving out very substantially in the legislative area. Hopefully we will get some legislation that provides a new way to get some of these water projects going. Navigation, some of the rest of the things we are looking for—efforts to work with the local people more on what I call innovative financing, cost sharing and cost recovery. So we are moving aggressively. We are making progress very slowly, but I think we are making some progress in efforts to assert a new direction with respect to Federal policy and navigation water projects.

Whether ultimately it is accepted by the Congress, I think the jury is still out. But at any rate, I think we are certainly moving in that direction.

In looking again at the Cabinet Council, Mr. Carruthers referred to it, that has considered a number of matters independently perhaps. We had a session last week with respect to the Clean Water Act. I am sure out of those sessions will come some legislation, probably introduced or suggested by EPA, concerning the Clean Water Act. So I would view water policy being a composite of a number of things rather than just specifically one document that says this is the policy of the administration in the area of water policy.

Senator MOYNIHAN. That is the view of an experienced person in Government and you are certainly that. But when you do break it down, let me just ask you three areas: water supply——

Mr. GIANELLI. Yes.

Senator MOYNIHAN. It is your view that the Federal Government has no role in what we call the single-purpose water supply projects?

SINGLE PURPOSE WATER SUPPLY

Mr. GIANELLI. I think single-purpose water supply—and Mr. Carruthers can speak for himself in terms of the Bureau—but it seems to me that local interests have a capability of financing local water supply.

It may be that there is a multipurpose project which has a combination of uses. That is very often the case, in which case there is a Federal interest.

Senator MOYNIHAN. As, for example, the central Arizona water project. Surely a minimum of a third of the central Arizona project is water supply for two cities.

Mr. CARRUTHERS. Municipal industrial water supplies?

Senator MOYNIHAN. Yes.

Mr. CARRUTHERS. The Commissioner might respond to that. He is in that business.

Senator MOYNIHAN. You are in that business.

Mr. BROADBENT. If I could, my name is Bob Broadbent, I am Commissioner of the Bureau of Reclamation. I might say I know there is some concern about the size of our budget this year, but I would like to say we have fewer projects and probably our construction schedule is as much responsible for that as anything else is. The next 2 or 3 years we are looking at increases and after that there is a dramatic reduction in our program.

Senator MOYNIHAN. I realize that. There is nothing new authorized.

Mr. BROADBENT. But I would like to continue to say that we are looking actively at some of the things that I think you have expressed as concerns of yours. We are attempting to look at the future of what we think water resources and water resource development should be, not only in the West, but possibly in the country as we look at ground-water pollution, ground-water contamination, the deterioration of some of our major project works for water delivery in this country.

I think that concern is probably adequately expressed in the Domenici-Moynihan bill and others.

Senator **Moynihan**. That was my second question. Are you going to give us a position on the Domenici-Moynihan bill? Are we going to hear from you on this?

Mr. **Broadbent**. Dr. Carruthers could probably speak to that. We are really in the process now—in the Bureau that is, actually in the project development stage—of trying to develop what we might think would be some, after we do this, we may be able to develop some kind of a program which we can recommend to our Assistant Secretary and to the Department. So I am hopeful that we can.

Senator **Moynihan**. Let me urge you because I need tell you that the creative phase of the President's first term is over. You get just so much energy going into the first year, then you spend 3 years fussing about it. It is not quite over, but if it comes up next year, it is not goig to be part of the priorities of the administration.

Mr. **Carruthers**. Senator, we must recognize that the Bureau is restricted to 17 Western States and has not been very aggressive in the area of municipal and industrial water supplies. In Senator Abdnor's home State, it was a pipeline which served water to a series of rural communities in that State. We are now considering a project in northern New Mexico that delivers water on the Navajo Indian Reservation. A series of communities are constructed out there. So the Bureau of Reclamation is moving into the municipal end of the water supply.

Senator **Moynihan**. Of course you are. We know that, but in 17 States as it were, in a very low level because we are not getting the legislation.

Mr. **Carruthers**. Senator, we would be more than pleased to have the Congress force upon us a 50-State authority.

Senator **Moynihan**. Bureaucratic aggression in the Reagan administration?

All right. Let's see. What do you think about that, Mr. Secretary?

Mr. **Gianelli**. How would you like me to comment, Senator?

I would say my friends in Interior never miss an opportunity.

Senator **Moynihan**. They certainly didn't miss that one.

Mr. **Gianelli**. They never miss an opportunity. They are very aggressive, very explorative, God bless them.

Senator **Moynihan**. I think our chairman should hear that.

Mr. Carruthers, why is the Bureau of Reclamation confined to a mere 17 Western States? Do you think that is appropriate, or do you think that gives you too little scope for the national nature of the problems to which you addressed yourself?

Mr. **Carruthers**. Mr. Chairman, we would be more than pleased to respond to the Congress on their desires for the Bureau of Reclamation.

Senator **Moynihan**. Wait. What you said before the chairman came in, you would be happy to do all 50 States.

Mr. **Gianelli**. That means they would be very happy to have the Corps of Engineers absorbed into the Bureau of Reclamation.

I might say that thing was tried once before, as I recall.

Senator **Moynihan**. I think it is time that I turn the chair over to the proper chairman. I have completely disorganized the subject.

Senator **Abdnor**. Maybe that is the way to bring it all together.

ESTABLISHMENT OF A WATER POLICY BOARD

Thank you.

I have only one question while I have you two gentlemen sitting side by side. I still want to know the answers from the administration. Do you have any objection to the establishment of an official coordinating water policy board with an independent chairman, as I have referred to in Senate bill 1095?

Senator **Moynihan**. I asked the same thing about a series of bills. When are we going to hear from you?

Mr. **Carruthers**. Let me respond to the Domenici-Moynihan bill. It is our policy in the Department to respond when these come to hearings. We would be more than pleased to respond to that.

Mr. Chairman, on 1095, I think we responded in hearings on 1095. We are on the record with regard to that. I would only go further to say I think Secretary Gianelli should speak to this as well.

We want to be cooperative because we think water is an important subject to the country and the future water policy is important. We stand ready to cooperate with this committee in any way we can.

CABINET COUNCIL

Mr. **Gianelli**. Could I respond to your specific questions? I think there are some provisions of the bill we would like to see perhaps changed. I think the basic idea of an advisory group which had on it State representation would not be objectionable. I think we need to be a little careful about the powers that would be given to that group, were they to be an adviser to the Cabinet Council or who they would be an adviser to. But I think the idea—and hopefully we can develop an administration position which will reflect this—of an advisory group that has some State participation, I think, is advisable so long as we keep that group in an advisory capacity because I think when you move it beyond there, it has some problems. The other thing I think we might have some difficulty in creating, if you have in mind creating an effective agency which could build up a substantial staff.

Mr. **Abdnor**. They did not have a substantial staff. As a matter of fact, I think we have limited it to $1 million. It has been a year since I looked at that bill. It wasn't that large. Most of the staff came from people doing some of the work out of the present system.

I guess with that in mind, I am putting you on the spot. Do you favor or oppose this proposed——

Mr. **Gianelli**. I think the administration will very shortly have a possible amendment to suggest to you with respect to that legislation. I don't think we are unfavorably disposed to supporting an arrangement whereby you would have an advisory group composed of representatives from the State in part to advise the Government with respect to this matter of water resources policy.

Senator **Moynihan**. Gentlemen, I think you will remember a year ago we asked about the policymaking arrangements that the administration was choosing for water and you described for us the Cabinet Council that had been set up. I had some friendly, but—I hope they were friendly—but skeptical responses to that. How is that working? When is the last time it met?

Mr. **Gianelli**. Senator, as I remember, in your office you and I kidded about this. When you said that assistant secretaries all get pretty busy, and so forth, after a few months, are unable to cope with some of their good intentions, I think I indicated that I wouldn't bet a dollar against what you were saying at that time. But let me elaborate a little bit. I think the Cabinet Council arrangement is working.

Let me speak from the standpoint of water which is, I think, the area in which I have at least a little knowledge in terms of that Cabinet Council's activities. We have had created the assistant secretaries working group.

I think they reported a year ago. That group has been meeting periodically on a variety of subjects. The first thing it did, I think, was to address the present principles and standards that govern the formulation of Federal water projects and it felt that the present process was cumbersome; the assistant secretaries group did recommend to the Cabinet Council that we start the process on the recision of what we consider to be cumbersome principles and standards.

We are now in the process, and the Cabinet Council has approved this, of going to publication of some suggestions with respect to new guidelines which would replace those cumbersome principles and standards.

We think when this gets in place, that will certainly expedite the planning process for Federal water projects. That is just one instance that I wanted to report to you in terms of what the assistant secretaries group and the Cabinet Council have been doing with respect to that one issue.

The Cabinet Council has also given us the task of taking a look at cost sharing. We have a subcommittee of our assistant secretaries group under Secretary Carruthers, which has been working on that for some time. I think we are in the final throes of at least developing an administration position with respect to the percentage cost sharing and the various kinds of uses.

It may or may not agree with what I have assumed in 1983 for the corps, but it is an approach at least until the administration policy is formulated and the Congress addresses the matter.

Our group, our assistant secretaries group, has been deliberating with respect to the changes needed in the Clean Water Act. As a result of deliberations of the assistant secretaries group, we did make a recommendation recently to the Cabinet Council on suggestions for changes in the Clean Water Act. Those will emerge shortly, I think under suggestions that are going to be suggested by EPA.

So I don't think the Cabinet Council group has functioned exactly like some folks may have anticipated in the beginning. But I would say in retrospect I think it has accomplished some good things. I think our assistant secretaries group on water has done some good things that may not be in accord with and responsive to the wishes of some, but I think in the reporting to you, sir, I can say that I feel at least we have made progress.

Senator **Moynihan**. Thank you.

Dr. Carruthers?

Dr. **Carruthers**. Mr. Chairman, I would only add that the group met, the Cabinet Council met about 2 weeks ago. Chairman Watt presided at that meeting. I can't tell you what was on the agenda.

Senator **Moynihan**. I can't resist this, Mr. Chairman. You won't mind.

Can I urge you to press on with your business because any day now the head of the Cabinet Council might go to jail?

We never will know what those new guidelines are.

Mr. **Carruthers**. We are counting on a Presidential pardon.

Senator **Abdnor**. We appreciate your giving us your time. You have been here 2 hours and 10 minutes.

Thank you all very much.

We stand in recess.

[Whereupon, at 4:15 p.m., the committee adjourned to the call of the chair.]

[Secretary Gianelli's prepared statement, responses from the Corps of Engineers to written questions, and Dr. Carruthers' prepared statement follow:]

STATEMENT OF WILLIAM R. GIANELLI
ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)
BEFORE THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
ON THE FY 1983 CIVIL WORKS BUDGET

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I. INTRODUCTION

I welcome and appreciate this opportunity to discuss the Army's Civil Works Program and FY 1983 Budget recommendations. The recommendations, I know, will receive your careful review; I hope that they will merit your support as well. The Director of Civil Works, Major General E.R. Heiberg III, and the Chief of Programs, Bory Steinberg, are with me and will assist in presenting testimony.

With your permission, Mr. Chairman, I would like to proceed by asking that my statement be placed in the record of these hearings. I would like to highlight portions of my statement, following which we would answer the Committee's questions.

Underlying this statement is the reality that pressure on the Budget will preclude the Federal Government from being able to finance all -- or even a major portion -- of the water projects which this Nation needs. New approaches to financing the Corps program are needed, and I hope, Mr. Chairman, that we will be able to work together to bring these about.

My statement addresses these topics:

- Financing and cost sharing proposals for FY 1983 construction new starts;

- Trends in the Civil Works budget;
- FY 1983 Budget summary including related major FY 1982 concerns;
- A two-phase process and cost sharing for future project studies;
- Working group, regulatory, and 8(a) program initiatives; and
- Manpower and superfund.

II. FINANCING AND COST SHARING PROPOSALS FOR FY 1983 CONSTRUCTION NEW STARTS

Federal public works programs, including the Civil Works Program of the Army Corps of Engineers, are at a crossroads. The hard facts are that there have been limited construction new starts in recent years, and no major legislation authorizing new projects has passed Congress since the middle of the last decade. It is wishful thinking, I believe, to count on the historical formulas and processes to reverse this dismal trend. The country continues to need productive water projects, and I want the Corps to build them.

Toward that end, the Department of the Army is fashioning new financing and cost sharing proposals which, with this Committee's support and with the Congress' support, will enable us to move out in FY 1983 with a modest construction new starts program for the Army Corps of Engineers. In the past several weeks, we have been discussing with non-Federal interests and project sponsors a potential new starts program.

A list and description of the potential construction new starts, their total costs, and their status as of March 1, 1982 follow:

STATUS OF 1983 NEW STARTS
As of March 1, 1982
$ Million

Project	Total Cost 1/	Proposed Financing Federal	Proposed Financing Non-Federal	Federal Funds Required In 1983	Status	Description of Project
Navigation Projects						
Jonesport Harbor, ME	$ 9.7	$ 2.4	$ 7.3	$ 0.2	Under consideration by State.	Breakwater & channel deepening-commercial fishing.
Baltimore Harbor, MD	420.0	105.0	315.0	22.0	Offer under discussion with State.	Deepen channel, 34 miles
Freeport Harbor, TX	98.8	24.7	74.1	3.5	Locals working on financing 1st Phase project.	Deepen channel depth & widen, new jetty.
Kake Harbor, AK	15.7	3.9	11.8	1.5	State wants to defer until 1985.	New breakwaters. Commercial fishing.
Ponce Harbor, PR	9.4	2.3	7.1	0.7	Unable to accept now; can repay loan.	Deepen channel.
Hydropower Projects						
Strube Lake, OR	106.0	0	106.0	0	Local agency interested, wants to discuss.	Dam & power plant, total 40,000 KW.
Bonneville Fishway, OR	27.9	0	27.9	0	No sponsor identified as yet.	Small hydro units on existing fishway-11,000 KW.
Bradley Lake, AK 2/	477.9	0	477.9	0	Accepted tentatively, draft contract in mail.	Dam, Tunnel, Power Plant, 135,000 KW.
Flood Control Projects						
Dansville, NY	1.0	0.65	0.35	0.3	Rejected.	Levees & channel improvement.
Devenport, IA	57.2	36.3	20.9	0.8	City mgr. will recommend acceptance to Council.	Levees & channel improvement.
Merced, CA	130.0	84.5	45.5	5.5	Accepted as proposed.	2 reservoirs, 33 miles levees & channel improvements.
Multi-Purpose Projects						
Randleman Lake, NC	159.0	68.7	90.3	3.6	Unable to accept now, but still working on. 3/	108,000 A.F. Reservoir 48% recreation, 42% M&I, 10% flood contr
Totals	$1,312.6	$328.45	$1,184.15	$37.6		
Possible Additional Projects						
Kahoma, HI, Flood Control	$ 20.0	$ 13.0	$ 7.0	$ 3.0	Informal contact indicates sponsor interested.	Debris basin, 5400' co crete channel.
Ellicott Cr., NY, Flood Control	28.2	18.2	10.0	0.2	Traditional financing meets criterion.	2-mile channel improvement, 2-mile new channel.
Virginia Beach, VA, Flood Control	5.4	3.5	1.9	1.5	City staff contacted Corps, want to get on list.	Improve existing chann add 2.6 miles new channel.
Norfolk Harbor, VA, Navig. (Phase 1 only)	45:0	0	45.0	0	Sponsor seeking a Phase 1 project now, at 100% local expense. 4/	Deepen outbound channe to 50'. Federal project not authoriz
Totals	$ 98.6	$ 34.7	$ 63.9	$ 4.7		

1/ 1981 prices, inflated through construction period.

2/ Understand draft contract provides for 100% local financing, O&M by Corps as Federal project, marketing of power, eventual ownership of project by State. Parties are State, Corps, and Federal Alaska Power Marketing Administration.

3/ State does not want to defer recreation.

4/ Material from inner harbor goes to Craney Island Disposal Area; that from ocean channel would go to Dam Neck Interim Disposal Area; no problem using Dam Neck for Phase I.

The potential projects have been reviewed and approved as good projects by the Chief of Engineers, as well as by my own office. Recently, we also have had discussions with representatives of the Norfolk Harbor, Virginia Project, which is not yet authorized for construction. The President's Budget, as it now stands, does not identify any specific project that would go to construction in FY 1983, and, of course, the President would have to approve any new starts which are proposed. We are offering non-Federal sponsors of potential construction projects the opportunity to provide upfront financing and cost sharing in accord with objectives which the Army has adopted for the FY 1983 Budget. The non-Federal financing and cost sharing objectives which we are proposing for 1983 are, respectively, as follows: deep draft commercial navigation - 75% and 100%; hydropower - 100% and 100%; flood damage reduction - 35% and 35%; municipal and industrial water supply - 100% and 100%; and separable recreation - 50% and 50%.

These objectives represent our best effort at this time to get something started. We are pointing out to non-Federal interests that these financing and cost sharing objectives are not in accord with traditional requirements for cost sharing and that any project we recommend will have to be approved by OMB, and by Congress, and that they should consider all options open to them, including that of not participating. Where letters of intent are forthcoming, we will go to OMB seeking approval of a budget amendment for submission to Congress.

It is too early to assess results overall, and while we have no signed contract or formal memorandum of understanding, I am certainly encouraged so far. We will keep you advised as things develop during the coming weeks.

III. TRENDS IN THE CIVIL WORKS BUDGET

The Civil Works budget of the Army Corps of Engineers is about at the same level in FY 1983 as it was five years ago in FY 1978. In FY 1978, the total appropriations amounted to $2.784 billion. This compares with the gross budget request in FY 1983 of $2.744 billion. However, within the total appropriation, the funds provided for major appropriation accounts has changed. For example, Construction, General funding has gone from $1.538 billion in FY 1978 to $1.209 billion in the FY 1983 budget, which reflects the limited commitment to construction new starts in recent years. Over the same five-year period, funding for Operation and Maintenance, General has increased from $769 million to the $1.011 billion included in the President's budget. Comparable figures for the Flood Control, Mississippi River and Tributaries account show an increase from the $253 million appropriated in FY 1978 to the $282 million budget request for FY 1983.

IV. FY 1983 BUDGET SUMMARY INCLUDING RELATED MAJOR FY 1982 CONCERNS

The net FY 1983 budget request for the Civil Works Program totals $2.264 billion. This net request takes into account offsetting receipts estimated at $547 million, of which $519 million would be realized under navigation and recreation user fee legislation supported by the Administration; appropriations from fuel tax collections in 1981 and 1982 amounting to $67 million are included in the $519 million estimate. The gross request thus amounts to $2.744 billion. The bulk of the $2.744 billion is in three appropriation accounts: Construction, General; MR&T; and O&M.

Construction, General

The $1.209 billion requested is to continue construction and related activity of 159 water projects having navigation, flood control, water supply, hydroelectric, and other attendant benefits. This includes 137 regular construction, 15 major rehabilitation projects, 2 dam safety assurance projects, 3 correction of deficiency projects, and 2 beach erosion control reimbursement projects. Five Construction, General, projects are of special concern, and the FY 1983 recommendations are consistent with the FY 1982 apportionments. I would like to mention one of the five projects by way of illustration.

The Levisa and Tug Forks of the Big Sandy River, Kentucky and West Virginia and Upper Cumberland River, Kentucky Project envisions flood control measures at various communities on the Levisa Fork and Tug Fork of the Big Sandy River as well as at several locations on the Upper Cumberland River. The project was authorized in the Energy and Water Development Appropriation Act, 1981. At the time of the authorization, the project cost was estimated at $284 million. The total Federal cost of the project, including an allowance for future inflation, currently is estimated at $702 million, all of which is to be borne by the Federal Government. As of September 30, 1981, $5 million had been expended, primarily for planning and design and for work in connection with highway construction. The project is less than 1 percent complete.

The Administration has no confidence that the $689 million required to complete the project will be available and, in reaching this conclusion, we have been concerned about a number of problems, especially that (1) the project cost estimate has risen to a current estimate of $702 million from its 1980 estimate of $284 million, and (2) preliminary plans developed by the Corps contemplate dislocations of large segments of the population which may cause difficult problems both to the Government and to the local populace.

In light of these concerns, I am encouraging the Corps to continue its search for feasible projects on specific stream reaches which can be constructed independently with local acceptance. Funds appropriated for Tug Fork in FY 1982 have been apportioned for use by the Corps in formulating such plans. Actual initiation of construction, however, would be dependent upon success in developing feasible independently functioning projects which do not require large financial commitments for the outyears. In this effort, I wish to emphasize, we want to work very closely with local interests so that any recommended solution will be satisfactory to the local people as well as to the Federal Government.

I should emphasize that, although we have concerns with several projects, all money appropriated by Congress in FY 1982 has been apportioned.

Flood Control, Mississippi River and Tributaries

The $282 million requested in FY 1983 is the largest amount ever budgeted for the flood control program for the Lower Mississippi Valley from Cape Giradeau, Missouri, to the Gulf of Mexico and its contiguous basins. Approximately ten studies of potential development, 13 construction features and operation and maintenance on numerous water control structures including navigation locks, flood control dams, and flood control structures are included in this request. There are, however, no funds in the FY 1983 Budget to continue land acquisition in connection with the Tensas River Wildlife Refuge, Louisiana.

Operation and Maintenance, General

The $1.011 billion requested provides foe the operation and maintenance of approximately 500 channel and harbor, lock and dam, flood control reservoir, local protection and multiple-purpose power projects; for the processing of applications for activities and structures affecting navigable waters; and for the development of national emergency preparedness plans pursuant to Executive Order 11490. This amount is adequate to maintain and operate existing projects with the following exceptions: (1) services to the public at some of the Corps' high cost recreation areas will be curtailed and (2) low volume/high cost navigation operation and maintenance is to be reduced or deleted.

Elimination of, or reductions in, navigation O&M projects in the FY 1983 budget in the amount of $150 million is based on criteria developed to identify those projects with the lowest national priority. The criteria used were based on harbor depths, average cost of harbor maintenance per ton of seagoing commerce, and usage of inland waterways. Consistent with the President's Budget proposal, the Corps of Engineers will have to restrict its maintenance to the highest priority options if Congress does not enact legislation for waterway user charges.

Absent an increase in the appropriation request which would result if adequate reimbursement is provided through user fees, there would also be the opportunity for local action on specific projects.

It is recognized that the impact of navigation O&M elimination or reduction may be more severe in some instances than in others. Changes may be made, although the total reduction of $150 million will be achieved in any revised proposal in the absence of enactment of user fee legislation.

V. A TWO-PHASE PROCESS AND COST SHARING FOR FUTURE PROJECT SURVEYS

I have long been concerned over several aspects of the Corps planning process. These concerns seem to be shared by Members of Congress and others interested in water resource development. Specifically, I am concerned with the length of time it takes to complete a typical feasibility study, the high cost of individual studies, and the high proportion of unfavorable studies upon which substantial resources have been expended. I therefore feel it is imperative that we take steps to allow the Corps to concentrate its planning resources (manpower and budgetary) on the more important studies which have the best chance of implementation.

I am proposing that, beginning in FY 1983, all new studies pertaining to specific problem areas be undertaken in two phases. The first phase will be a reconnaissance phase financed 100 percent with Federal funds and normally completed within a year. The second phase will be a feasibility study to be cost shared with local project sponsors. I would view the reconnaissance study to be fully funded when it receives its initial appropriation. It would establish:

- o the definition of the problem and its potential solutions;
- o a determination of whether or not the study should proceed further, based on a preliminary appraisal of costs, benefits, and environmental impacts of alternative solutions;

- an estimate of the costs of the second phase feasibility study; and
- identification of local sponsor(s) and indication of its (their) willingness to participate in the feasibility study on a cost sharing basis.

I believe that this procedure will not only speed up the planning process, but will increase the proportion of studies which leads to successful solutions of problems.

VI. WORKING GROUP, REGULATORY, AND 8(A) PROGRAM INITIATIVES

Assistant Secretaries' Working Group

One of the first actions of the President's Cabinet Council on Natural Resources and Environment was to form an ad hoc Assistant Secretaries' Working Group on Water Resources to analyze issues and policies related to Federal water policy. As the Assistant Secretary of the Army for Civil Works, I was asked to chair the Working Group. The first assignment given to the Working Group was to examine the existing complex and cumbersome Principles, Standards, and Procedures of the U.S. Water Resources Council.

In early September, we distributed to the concerned committees of Congress and to organizations representing the States and interest groups a summary of Major Proposed Policy Positions for Water Project Planning. Based upon the comments we received, the guidelines were revised and were referred to the Water Resources Council for publication pursuant to the Water Resources Planning Act of 1965.

The Water Resources Council, as the agency responsible for establishment of water project planning criteria, will soon publish the proposed Principles and Guidelines in the Federal Register and provide a 60-day public comment period. The WRC will consider the public views expressed during the comment period prior to final preparation of the Principles and Guidelines early this summer.

Another important water resources policy area is that of project cost sharing and financing. It is generally recognized that there must be a substantially increased rate for both non-Federal governmental units and the private sector. There are two reasons for this. First, the Administration is strongly committed to the principle that vendible services from projects should be paid for by their beneficiaries. When beneficiaries pay for the services they receive, we can have a high degree of assurance that we are providing both the right quantity and quality of service. Indeed, we believe that the willingness of beneficiaries to repay the cost of a project in accord with the schedule of benefits gives the Government an assurance of the project's worth that can never be obtained from benefit cost analysis.

Second, substantially increased amounts of financing must come from non-Federal sources simply because the Federal Government cannot now afford to finance a major program of water project construction. I expect that the major future agenda items in the area of water policy for the Administration will be the twin issues of water project financing and cost sharing.

Corps Regulatory Program (Section 404)

Of the amount budgeted for Operation and Maintenance, General, $47 million is to be used to conduct the Corps regulatory program. This program has its foundation primarily in Section 10 of the River and Harbor Act of 1899 and Section 404 of the Clean Water Act. For the first seventy years, the permit program regulated those activities in the navigable waters which could have an effect on navigation. In the past decade, however, jurisdiction of the program has been expansively defined by the courts, resulting in regulation to the point where any person who wants to place dredged or fill material in virtually any watered area in the United States, including wetlands, prairie potholes, playa lakes, and intermittent streams, must first get a permit from the Corps.

We have identified five major issues for reform: (1) reduction of the time required to obtain permits; (2) better definition of the objectives of the program and a reduction of the jurisdictional extent of the program; (3) reducing the delay in decisionmaking caused by overlapping policies and authorities; (4) giving the States more authority and responsibility; and (5) expanded use of general permits on a regional and nationwide basis.

With these issues firmly in mind, we and the Office of Management and Budget have been working with the Environmental Protection Agency, the Departments of Agriculture, Justice, Commerce, Interior and Transportation, and the Council on Environmental Quality to develop solutions.

Section 8(a) Program

Another area to which we have been devoting attention is the SBA

Section 8(a) program for small and disadvantaged businesses. Some features of this program have been criticized, both by the construction industry at large, as well as by many minority firms, for some time. We recently conducted a review of the Corps' implementation of this program, including holding several meetings with senior officials of the Associated General Contractors (AGC) and the National Association of Minority Contractors (NAMC). As a result of this review, we have proposed several improvements to the Corps and to the SBA, concerning program goals, incentives for firms to "graduate," training for firms under contract, reducing delays in time required to award 8(a) contracts, and several other proposals. These proposed improvements can promote the basic purpose of the Section 8(a) program; namely, to improve the capability of small and disadvantaged construction firms to move into the mainstream of the competitive market place.

VII. MANPOWER AND SUPERFUND

In the current year, Corps employment will decrease by about 2,000 fulltime positions. And although the employment ceilings which we have envision a further reduction in FY 1983 of 634 spaces, Corps manpower will be adequate to meet our responsibilities.

The Corps now is studying the most effective and fair way to achieve the FY 1983 reductions without RIFs. As Civil Works manpower goes down, Corps expertise will be preserved in the Army because we will be shifting personnel to the Military Construction programs of the Corps. Furthermore, as I mentioned earlier, I am hopeful of getting going on some construction new starts in 1983 and, in so doing, provide challenging opportunities for the capable staff of the Corps to solve important water resources problems.

Another way in which the expertise of the Corps will be utilized stems from the recent agreement reached between the Administrator of the Environmental Protection Agency and me, which will enable the Corps of Engineers to provide the EPA with management and technical assistance in executing PL 96-510, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), known as Superfund.

Under this agreement, the Corps will manage design, construction and related tasks for remedial actions which EPA and the Corps agree upon at hazardous substance sites. EPA will provide the funding, and the Corps will use private contractors for all design and construction. Preliminary projections from the EPA indicate the possibility for the Corps to work on the remedial design or construction of about six sites during the remainder of FY 1982. The same projections indicate that we may be conducting design and/or construction activities on about 12 more sites in FY 1983.

I see this program as an excellent opportunity for the Corps, as the Federal engineers, to provide their engineering and management expertise in an appropriate role to support a critical Federal mission assigned by the Congress.

This completes my statement, Mr. Chairman. I will be pleased to attempt to answer your questions.

QUESTIONS SUBMITTED BY SENATOR ABDNOR

Question 1: Please describe as specifically as possible the actual effect of the navigation maintenance cuts that are contemplated in the operation of a number of low-volume waterways. How much traffic do these waterways now carry? What is the type of traffic? What is the likely volume of traffic if cuts are sustained?

Answer: The 1978 Waterborne Commerce Statistics, which were the latest available data at the time the tentative list of projects was prepared, report the following amount of traffic on indicated waterways: Alabama-Coosa River, 1,967,000 tons of gravel, lumber, fuel, grain, and mineral products; Allegheny River, 4,405,000 tons of coal, coke, gravel, steel, fuel, and chemical products; the ACF Rivers in Georgia and Alabama, 873,000 tons of gravel, fuels, fertilizer, and chemical products; the Fox River in Wisconsin, no commercial traffic; the Kentucky River, 415,000 tons of gravel; the Tennessee-Tombigbee Waterway, 219,000 tons of grain, gravel, and minerals. If these low volume waterways are closed, there would be no traffic.

QUESTION 2: What is the expected impact of the cutback on the operations of the following deep draft harbors and waterways including the authorized depth, the controlling depth now, and the anticipated change in the controlling depth?

a. Delaware River to Chesapeake Bay Waterway

b. Brunswick Harbor, Georgia

c. Brazos Island, Texas

d. Georgetown Harbor, South Carolina

e. Grays Harbor, Washington

f. Lake Washington Ship Canal, Washington

g. Mississippi River Gulf Outlets, Louisiana

h. Sacramento River, California

i. Umpqua River, Oregon

How much traffic does each harbor or port now handle? What is the type of traffic? What is the likely volume of traffic if cuts are sustained?

ANSWER: As you know, we are reassessing the FY 83 Budget Request as it relates to these projects so there may be some changes down the road, however, on the basis of our current submission, I would be happy to provide that information for the record, if that meets with your approval?

QUESTION: Yes, that will be fine.

ANSWER: I would like to note that we have requested our districts to furnish considerably more detailed analysis of the impacts on navigation projects which may be affected by a FY 83 budget reduction. The data presented for the record reflects the best data we now have available, but it does not reflect the more detailed analysis now being prepared by my staff.

INFORMATION FOLLOWS

IMPACT OF REDUCED FY 83 O&M BUDGET ON CERTAIN DEEPDRAFT HARBORS AND WATERWAYS

PROJECT	AUTHORIZED DEPTH (FT.)	CONTROLLING DEPTH (FT)	PROJECTED CONTROLLING DEPTH (FT)(YR)	1979 (1) COMMERCE (THOUSANDS OF TONS)	TYPE OF TRAFFIC (2)	ESTIMATED (3) REDUCTION IN VESSEL TRIPS ($) (YR)
Delaware River to Chesapeake Bay	35.0	34.0	27.0 (7/82)	14,397	Coal, Lignite, Containers	20 (83)
Brunswick Harbor, GA	30.0	27.0	21 (4/83)	1,644	Gypsum, salt, potash, phospates, wood pulp, oil	5 (4/83)
Brazos Island, TX	36.0	36.0	28.0 (2/83)	2,816	Grain, Crude Petroleum, Petroleum Products, Chemicals	1 2/83
Georgetown Harbor, SC	27.0	24.0	18.0 (1/83)	1,382	Iron ore, lumber, wood pulp, and paper	5 (1/83)
Grays Harbor, WA	30.0	30.0	24.0 (84)	5,131	Commercial fishing	50 (84)
Lake Washington Ship Canal, WA	34.0	26.0	(4)	1,939	Wood products, sand & gravel, paper products	100 (82)
Mississippi River Gulf Outlets, LA	36.0	36.0	33.0 (4/83)	8,227	Construction materials, minerals, coke, cement petroleum	2 (4/83)
Sacramento River, CA	30.0	--	26.0 (7/82)	1,779	Rice, grain, wood products	50 (7/82)
Umpqua River	26.0	22.0	14.0 (84)	821	Wood products, commercial fishing, sand & gravel	15 (84)

NOTES:
(1) Total commerce reported in CY 1979 Waterborne Commerce Statistics (WCS)
(2) Major commodities reported in CY 1979 WCS.
(3) Calculated on basis of CY 1979 WCS vessel drafts precluded from project at reduced depths. Tonnage reductions would be greater, but data is not sufficient to make an accurate forecast.
(4) Project will be in caretake status with no traffic through the locks.

QUESTION 3: Please provide a breakdown on Corps civil works personnel — the current staffing level, the expected levels at the end of fiscal year 1982 and 1983, and the number of engineering and design personnel at each of those points.

ANSWER: As of 31 January 1982, the Corps full-time permanent personnel strength was 26,676. This number is expected to be reduced to 25,240 by the end of fiscal year 1982 and 24,606 by the end of fiscal year 1983. These end-strengths are necessary for the Corps to meet the full-time equivalent workyear ceilings established by OMB for full-time permanent personnel which have gone into effect starting with fiscal year 1982.

The Corps engineering and design expertise is primarily located in the district engineering offices. Engineering and design personnel presently number about 4,375. This number is not expected to significantly change through fiscal year 1983.

QUESTION 4: What has the Corps done to allocate costs to navigation among various multipurpose projects? How did you arrive at these allocations? How did you arrive at the allocations for the Mississippi River and Tributaries project?

ANSWER: There ate two types of multipurpose projects found in the Administration's legislative proposal (HR 4846 and S. 810) for cost recovery. The first classification is for "multipurpose projects which have already been allocated" prior to authorization by Congress. There are approximately 35 projects of this type, out of a total of 120 which are subject to recovery. These are typically navigation projects with hydropower. For these projects, theccost alloaation formula used in the authorizing document was used to assign costs for navigation cost recovery. Approximately 9 percent of all costs to be recovered come from projects of this type.

The second type of multipurpose project is the "multipurpose project without allocation." The reason these projects do not have a cost allocation is because they do not have reimbursable purposes. For these multipurpose projects, the expenditures made specifically for navigation were identified, and to this was added an arbitrary 10 percent of the joint-useccosts. There are only ten projects of this type currently subject to cost recovery, and represent only about 1 percent of the total costs which are to be recovered under the Administration's user fee proposal.

Originally, navigation was assigned 25 percent of the total cost of the Mississippi River and Tributaries (MR&T) project. The Administration will soon propose legislation which will refine this formula and assign costs from specific features of the MR&T project which better relate to its contribution to navigation. The new formula will recover less than 25% of the total MR&T cost.

QUESTION 5: The President's 1983 budget for the Army Corps of Engineers cites $519,000,000 in user charges that are expected to be recovered in FY 1983. Would you please describe how that figure breaks down.

ANSWER: The $519 million in user fees, as shown in the budget, represents an estimate of deep draft, inland waterway and day use recreation use fees for which legislation has been proposed or will be proposed by the Administration. The amount reflects an estimate of user fees that would be collected consistent with Administration supported legislation. A breakdown of the $519 million estimate is $270 million for deep draft harbors, $244 million for inland waterways and $5 million for day use recreation fees. The deep draft and inland waterway estimates are consistent with estimates of recoverable allocable navigation costs for budgeted operation and maintenance work in Fiscal Year 1983. In the case of the inland waterway user fees, the amount includes fuel taxes currently being collected pursuant to Public Law 95-502.

Question 6(a): Please provide a dollar breakdown of construction and the operations and maintenance amounts for Fiscal Year 1983 for (1) inland waterways and (2) all navigation.

Answer: The breakdown of construction and operations and maintenance Budget Request for Fiscal Year 1983 for inland waterways and all navigation excluding amounts allocated for navigation for multiple-purpose projects with power follows:

Activity	$ In Thousands
Total Navigation - Construction	456,464
Total Navigation - Operation & Maintenance	501,851
Total Inland Navigation - Construction	320,583
Total Inland Navigation - Operation & Maintenance	355,885

Question 6(b): Please also list the additional amount allocated out of the Mississippi River and Tributaries (MR&T) project, based on 25 percent allocation.

Answer: The Administration will soon propose legislation which will no longer use the 25 percent formula to allocate cost of MR&T project. Instead the following will be proposed as a substitute formula:

> " . . . for the Mississippi River and Tributaries project costs assigned to commercial waterway transportation will consist of (A) all specific navigation costs of the Channel Improvement Feature consisting of: (i) maintenance dredging, and (ii) construction and maintenance of dikes, and (B) one-third of the joint-use costs consisting of: (i) construction dredging and construction, operation and maintenance of revetments of the Channel Improvement Feature, and (ii) construction, operation and maintenance of the Old River Feature."

The following table calculates the amount of the FY 1983 appropriation of the MR&T project which would be subject to recovery under this formula.

MISSISSIPPI RIVER & TRIBUTARIES

BUDGET REQUEST (FY 1983)

SHALLOW DRAFT COST RECOVERY

(Dollars in Thousands)

Feature/Category	Navigation Specific Costs	Joint Use Costs	% Recoverable	Recoverable Costs
Total Dredging, O&M	$ 15,763	-	100	$ 15,763
Total Dredging, Construction	-	0	33-1/3	0
Channel Improvement - Dikes, O&M	1,927	-	100	1,927
Channel Improvement - Dikes, Construction	5,200	-	100	5,200
Channel Improvement - Revetments, O&M (above Baton Rouge)	-	13,776	33-1/3	4,592
Channel Improvement - Revetments, Construction (above Baton Rouge)	-	9,891	33-1/3	3,297
Old River, O&M	-	4,500	33-1/3	1,500
Old River, Construction	-	54,800	33-1/3	18,267
Total Costs				$ 50,546

Note:

Total Inland Navigation-Construction Mississippi River and Tributaries $ 69,891

Total Inland Navigation-Operation & Maintenance Mississippi River and Tributaries $ 35,996

QUESTION 7: Indicate the percentage of work that will be contracted out in fiscal year 1983 for General Investigations, advance engineering and design, and construction work, together with similar figures over the past 15 years.

ANSWER: In fiscal year 1983, it is expected that the Corps will contract out about 30% of its survey work under General Investigations, 35% of its engineering work, and at least 90% of its construction work. Contracting-out of all construction work, including construction under Flood Control, Mississippi River and Tributaries, has exceeded 90% during the past 15 years. Except for revetment work in the lower Mississippi valley, real estate acquisition, and a small amount of work on recreation facilities, only supervision and inspection of construction work are performed by Corps personnel. While specific data for the past 15 years are not available, the amount of contracting-out of General Investigations work and advance engineering and design has increased significantly.

Question 8(a): Please provide a breakdown showing the funds that are to be allocated in Fiscal Year 1983 to the construction of each inland navigation project, together with operation and maintenance figures for each inland navigation project.

Answer: The breakdown of dollar amounts for each construction and operation and maintenance inland navigation project in the Fiscal Year 1983 Budget Request follows in state order:

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                                   CONSTRUCTION
                        INLAND WATERWAYS:    LOCKS AND DAMS
                               (DOLLARS IN THOUSANDS)

DIS                                                                            FY 83
ADV   TITLE                                                                  BUD AMT
=======================================================================================

ALABAMA
-------------------

SAM  TENNESSEE TOMBIGBEE WATERWAY, AL & MS                                    186000

STATE TOTAL                                                                   186000

ARKANSAS
-------------------

SWL  MCCLELLAN-KERR ARK RIVER NAVIGATION SYSTEM LOCK & DAMS, AR & OK            5002
LMK  OUACHITA AND BLACK RIVERS, AR & LA                                        20400

STATE TOTAL                                                                    25402

ILLINOIS
-------------------

NCR  ILLINOIS WATERWAY, STARVED ROCK L & D, IL (REHAB)                           499
NCR  ILLINOIS WATERWAY, DRESDEN ISLAND L & D, IL (REHAB)                         736
NCR  ILLINOIS WATERWAY, LOCKPORT L & D, IL (REHAB)                               500
LMS  LOCK AND DAM NO. 26, MISSISSIPPI RIVER, ALTON, IL & MO                    68200
ORL  LOCKS AND DAM 53, IL & KY (REHAB)                                          1200
ORL  LOCKS AND DAM 52, IL & KY (REHAB)                                           800
ORL  SMITHLAND LOCKS AND DAM, IL, IN, & KY                                      3450

STATE TOTAL                                                                    75385

LOUISIANA
-------------------

LMN  LELAND BOWMAN LOCK, LA (REPLACEMENT)                                      14000
LMN  RED RIVER WATERWAY - MISSISSIPPI RIVER TO SHREVEPORT, LA                  30000

STATE TOTAL                                                                    44000

MISSISSIPPI
-------------------

LMK  YAZOO RIVER - BELZONI BRIDGE, MS (ADVANCE PARTICIPATION)                   1516

STATE TOTAL                                                                     1516

PENNSYLVANIA
-------------------

ORP  ENSWORTH LOCKS AND DAM, OHIO RIVER, PA (REHAB)                             9500

STATE TOTAL                                                                     9500


GRAND TOTAL                                                                   341803
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OPERATIONS AND MAINTENANCE
INLAND NAVIGATION: CHANNELS AND HARBORS
(SHALLOW DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
	ALABAMA	
SAM	GULF INTRACOASTAL WATERWAY, AL	2541
	STATE TOTAL	2541
	ARKANSAS	
LMM	WHITE RIVER, AR	1355
	STATE TOTAL	1355
	CALIFORNIA	
SPK	YUBA RIVER, CA	25
	STATE TOTAL	25
	FLORIDA	
SAJ	IWW, JACKSONVILLE TO MIAMI, FL	184
	STATE TOTAL	184
	GEORGIA	
SAS	SAVANNAH RIVER BELOW AUGUSTA, GA	55
	STATE TOTAL	55
	ILLINOIS	
NCR	MILL CREEK & SOUTH SLOUGH, IL	35

OPERATIONS AND MAINTENANCE
INLAND NAVIGATION: CHANNELS AND HARBORS
(SHALLOW DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
LMS	MISSISSIPPI RIVER BTN OHIO & MISSOURI RIVERS, IL	9855
	STATE TOTAL	9890
	IOWA	
MRO	MISSOURI RIVER - SIOUX CITY TO MOUTH, IA & NE	10834
	STATE TOTAL	10834
	LOUISIANA	
LMN	FRESHWATER BAYOU, LA	77
LMN	GULF INTRACOASTAL WATERWAY, LA	10070
LMN	MISSISSIPPI RIVER OUTLETS AT VENICE, LA	4800
	STATE TOTAL	14947
	MICHIGAN	
NCE	INLAND ROUTE, MI	50
	STATE TOTAL	50
	NORTH CAROLINA	
SAW	ATLANTIC INTRACOASTAL WATERWAY, NC	852
	STATE TOTAL	852
	OREGON	
NPP	WILLAMETTE RIVER ABOVE PORTLAND & YAMHILL RIVER, OR	46
	STATE TOTAL	46
	TEXAS	
SWG	GULF INTRACOASTAL WATERWAY, TX	12060
	STATE TOTAL	12060
	GRAND TOTAL	52839

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OPERATIONS AND MAINTENANCE
INLAND NAVIGATION: LOCKS AND DAMS
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
	ALABAMA	
SAM	ALABAMA-COOSA RIVERS, AL	1384
SAM	BLACK WARRIOR & TOMBIGBEE RIVERS, AL	7806
SAM	TENNESSEE TOMBIGBEE WATERWAY, AL & MS	3138
	STATE TOTAL	12328
	ARKANSAS	
SWT	MCCLELLAN-KERR ARK RIVER NAVIGATION SYSTEM LOCK & DAMS, AR & OK	13031
LMK	OUACHITA & BLACK RIVERS, AR & LA	536
	STATE TOTAL	13567
	FLORIDA	
SAJ	CROSS-FLORIDA BARGE CANAL, FL	179
SAJ	OKEECHOBEE WATERWAY, FL	313
	STATE TOTAL	492
	GEORGIA	
SAM	APALACHICOLA, CHATTAHOOCHEE AND FLINT RIVERS, GA	1152
	STATE TOTAL	1152
	ILLINOIS	
LMS	ILLINOIS WATERWAY, IL	1407
NCR	ILLINOIS WATERWAY, IL & IN (NCD)	15732

OPERATIONS AND MAINTENANCE
INLAND NAVIGATION: LOCKS AND DAMS
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
LMS	KASKASKIA RIVER NAVIGATION, IL	384
LMS	MISS RIV BTWN MISSOURI RIV & MINNEAPOLIS, IL, MN, WI, & IA	5662
NCR	MISS RIV BTWN MISSOURI RIV & MINNEAPOLIS, IL, MN, WI, & IA (NCD)	45761
STATE TOTAL		68946
KENTUCKY		
ORL.	GREEN AND BARREN RIVERS, KY & TN	1255
ORL	KENTUCKY RIVER, KY	189
ORL	OHIO RIVER LOCKS AND DAMS, KY	10730
ORL	OHIO RIVER OPEN CHANNEL WORK, KY	3200
STATE TOTAL		15374
LOUISIANA		
LMN	BAYOU TECHE, LA	62
LMN	MERMENTAU RIVER, LA	191
STATE TOTAL		253
MINNESOTA		
NCS	RESERVOIRS AT HEADWATERS OF MISSISSIPPI RIVER, MN	1382
STATE TOTAL		1382
MISSISSIPPI		
LMK	PEARL RIVER, MS	187
STATE TOTAL		187
NORTH CAROLINA		
SAW	CAPE FEAR RIVER ABOVE WILMINGTN, NC	178

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OPERATIONS AND MAINTENANCE
INLAND NAVIGATION: LOCKS AND DAMS
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
	STATE TOTAL	178
	OREGON	
NPP	WILLAMETTE RIVER & WILLAMETTE FALLS, OR	430
	STATE TOTAL	430
	PENNSYLVANIA	
ORP	ALLEGHENY RIVER, PA	203
ORP	MONONGAHELA-YOUGHIOGHENY RIVER BASIN, PA, WV, & MD	5518
ORP	OHIO RIVER LOCKS AND DAMS, PA	8406
ORP	OHIO RIVER OPEN CHANNEL WORK, PA	440
	STATE TOTAL	14567
	TENNESSEE	
ORN	TENNESSEE RIVER, TN	5554
	STATE TOTAL	5554
	VIRGINIA	
NAO	ATLANTIC INTRACOASTAL WATERWAY, VA	227
	STATE TOTAL	227
	WEST VIRGINIA	
ORH	KANAWHA RIVER, WV	5383
ORH	OHIO RIVER LOCKS AND DAMS, WV	9336
ORH	OHIO RIVER OPEN CHANNEL WORK, WV	4565
ORP	TYGART LAKE, WV	527
	STATE TOTAL	19811
	WISCONSIN	
NCE	FOX RIVER, WI	402
	STATE TOTAL	402
	GRAND TOTAL	154850

OPERATIONS AND MAINTENANCE
INLAND NAVIGATION: MULTIPLE-PURPOSE PROJECTS
(EXCLUDING AMOUNTS ALLOCATED FOR
MULTIPLE-PURPOSE PROJECTS WITH POWER)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
	ALABAMA	
SAM	JONES BLUFF LOCK & DAM, AL	2481
SAM	MILLERS FERRY LOCK & DAM - WILLIAM 'BILL' DANNELLY LAKE, AL	3026
SAM	WALTER F. GEORGE LOCK & DAM, AL	3180
	STATE TOTAL	8687
	ARKANSAS	
SWL	DARDANELLE LOCK & DAM, AR	3233
SWL	OZARK-JETA TAYLOR LOCK & DAM, AR	3151
	STATE TOTAL	6384
	GEORGIA	
SAM	BUFORD DAM & LAKE SIDNEY LANIER, GA	4160
SAS	CLARK HILL LAKE, GA	5088
SAS	HARTWELL LAKE, GA	4406
SAM	JIM WOODRUFF LOCK & DAM, GA & FL	2238
	STATE TOTAL	15892
	IDAHO	
NPS	ALBENI FALLS DAM, ID	1859
NPW	DWORSHAK DAM & RESERVOIR, ID	5181
	STATE TOTAL	7040
	KENTUCKY	
ORN	BARKLEY DAM - LAKE BARKLEY, KY	3437

OPERATIONS AND MAINTENANCE
INLAND NAVIGATION: MULTIPLE-PURPOSE PROJECTS
(EXCLUDING AMOUNTS ALLOCATED FOR MULTIPLE-PURPOSE PROJECTS WITH POWER)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
	STATE TOTAL	3437
	MONTANA	
MRO	FORT PECK LAKE, MT	4095
	STATE TOTAL	4095
	NEBRASKA	
MRO	GAVINS POINT DAM - LEWIS AND CLARK LAKE, NE & SD	4121
	STATE TOTAL	4121
	NORTH DAKOTA	
MRO	GARRISON DAM, LAKE SAKAKAWEA, ND	7731
	STATE TOTAL	7731
	OKLAHOMA	
SWT	EUFAULA LAKE, OK	2694
SWT	KEYSTONE LAKE, OK	1703
SWT	ROBERT S. KERR LOCK, DAM & RESERVOIR, OK	2240
SWT	WEBBERS FALLS LOCK & DAM, OK	2058
	STATE TOTAL	8695
	OREGON	
NPP	BONNEVILLE LOCK & DAM, OR	8944
NPP	COUGAR LAKE, OR	785

OPERATIONS AND MAINTENANCE
INLAND NAVIGATION: MULTIPLE-PURPOSE PROJECTS
(EXCLUDING AMOUNTS ALLOCATED FOR MULTIPLE-PURPOSE PROJECTS WITH POWER)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
NPP	DETROIT LAKE, OR	1557
NPP	GREEN PETER-FOSTER LAKES, OR	1560
NPP	HILLS CREEK LAKE, OR	525
NPP	JOHN DAY LOCK AND DAM, LAKE UMATILLA, OR & WA	9491
NPP	LOOKOUT POINT LAKE, OR	2095
NPW	MCNARY LOCK & DAM, LAKE WALLULA, OR & WA	11245
STATE TOTAL		36202
SOUTH DAKOTA		
MRO	FORT RANDALL DAM, LAKE FRANCIS CASE, SD	6860
MRO	OAHE DAM, LAKE OAHE, SD & ND	5739
STATE TOTAL		12599
TENNESSEE		
ORN	CHEATHAM LOCK & DAM, TN	2810
ORN	CORDELL HULL DAM & RESERVOIR, TN	2517
ORN	OLD HICKORY LOCK & DAM, TN	3421
STATE TOTAL		8748
WASHINGTON		
NPW	ICE HARBOR LOCK & DAM, WA	4345
NPW	LITTLE GOOSE LOCK & DAM, LAKE BRYAN, WA	4401
NPW	LOWER GRANITE LOCK AND DAM, WA & ID	4703
NPW	LOWER MONUMENTAL LOCK & DAM, WA	3747
NPP	THE DALLES LOCK & DAM, WA & OR	7369
STATE TOTAL		24565
GRAND TOTAL		148196

Question 8(b): Please provide a similar list for each coastal port project.

Answer: The breakdown of dollar amounts for construction and operation and maintenance of deep draft ports (greater than 14 foot depth) on the coast follows:

CONSTRUCTION
CHANNELS AND HARBORS
(DEEP DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
CALIFORNIA		
SPN	CRESCENT CITY HARBOR, CA	352
SPL	LOS ANGELES - LONG BEACH HARBORS, CA	5323
SPK	SAN FRANCISCO BAY TO STOCKTON, CA	4000
STATE TOTAL		9675
FLORIDA		
SAJ	CANAVERAL HARBOR, FL	1000
SAJ	TAMPA HARBOR MAIN CHANNEL, FL	27500
STATE TOTAL		28500
HAWAII		
POD	BARBERS POINT HARBOR, OAHU, HI	27000
POD	KAHULUI HARBOR, MAUI, HI (REHAB)	4500
STATE TOTAL		31500
LOUISIANA		
LMN	MISSISSIPPI RIVER - GULF OUTLET, LA	2000
LMN	MISSISSIPPI RIVER, BATON ROUGE TO THE GULF OF MEXICO, LA	900
STATE TOTAL		2900
MASSACHUSETTS		
NED	CAPE COD CANAL HIGHWAY BRIDGES, MA (REHAB)	1735

CONSTRUCTION
CHANNELS AND HARBORS
(DEEP DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
NED	FALL RIVER HARBOR, MA & RI	3600
	STATE TOTAL	5335
	NEW YORK	
NAN	NY HARBOR COLLECTION & REMOVAL OF DRIFT, NY & NJ	1500
	STATE TOTAL	1500
	OREGON	
NPP	COLUMBIA RIVER AT THE MOUTH, SOUTH JETTY, OR & WA (REHAB)	460
	STATE TOTAL	460
	SOUTH CAROLINA	
SAN	COOPER RIVER, CHARLESTON HARBOR, SC	19940
SAN	LITTLE RIVER INLET, SC & NC	5800
	STATE TOTAL	25740
	TEXAS	
SWG	CORPUS CHRISTI SHIP CHANNEL, TX (1968 ACT)	4000
	STATE TOTAL	4000
	GRAND TOTAL	109610

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OPERATIONS AND MAINTENANCE
CHANNELS AND HARBORS
(DEEP DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
	ALABAMA	
SAM	MOBILE HARBOR, AL	3721
	STATE TOTAL	3721
	ALASKA	
NPA	ANCHORAGE HARBOR, AK	1221
	STATE TOTAL	1221
	CALIFORNIA	
SPL	CHANNEL ISLANDS HARBOR, CA	1800
SPN	HUMBOLDT HARBOR & BAY, CA	2433
SPL	LOS ANGELES-LONG BEACH HARBORS (MODEL), CA	120
SPN	MOSS LANDING HARBOR, CA	59
SPN	OAKLAND HARBOR, CA	1072
SPL	OCEANSIDE HARBOR, CA	1088
SPN	RICHMOND HARBOR, CA	1905
SPK	SACRAMENTO RIVER, CA	121
SPK	SACRAMENTO RIVER & TRIBS, CA	665
SPL	SAN DIEGO RIVER AND MISSION BAY, CA	400
SPN	SAN FRANCISCO BAY - DELTA MODEL STRUCTURE, CA	932
SPN	SAN FRANCISCO HARBOR, CA	1335
SPK	SAN JOAQUIN RIVER, CA	2700
SPN	SAN PABLO BAY & MARE ISLAND STRAIT, CA	4972
SPN	SANTA CRUZ HARBOR, CA	306
SPN	SUISUN BAY CHANNEL, CA	654
SPL	VENTURA MARINA, CA	2500
	STATE TOTAL	23062
	CONNECTICUT	
NED	CONNECTICUT RIVER BELOW HARTFORD, CT	1070

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OPERATIONS AND MAINTENANCE
CHANNELS AND HARBORS
(DEEP DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
NED	HOUSATONIC RIVER, CT & MA	643
NED	NEW HAVEN HARBOR, CT	1760
STATE TOTAL		3473
DELAWARE		
NAP	INTRACOASTAL WATERWAY, DELAWARE RIVER TO CHESAPEAKE BAY, DE & MD	2010
NAP	WILMINGTON HARBOR, DE	1401
STATE TOTAL		3411
FLORIDA		
SAJ	CANAVERAL HARBOR, FL	1948
SAJ	FERNANDINA HARBOR, FL	1371
SAJ	FT PIERCE HARBOR, FL	255
SAJ	JACKSONVILLE HARBOR, FL	1471
SAJ	TAMPA HARBOR, FL	8707
STATE TOTAL		13752
GEORGIA		
SAS	SAVANNAH HARBOR, GA	10423
STATE TOTAL		10423
HAWAII		
POD	NAWILIWILI HARBOR, HI	1191
POD	PORT ALLEN HARBOR (MAINTENANCE DREDGING), HI	500
STATE TOTAL		1691
ILLINOIS		
NCC	CHICAGO RIVER, IL	120

OPERATIONS AND MAINTENANCE
CHANNELS AND HARBORS
(DEEP DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
	STATE TOTAL	120
	LOUISIANA	
LMN	CALCASIEU RIVER & PASS, LA	10970
LMN	HOUMA NAVIGATION CANAL, LA	3000
LMN	MISSISSIPPI RIVER, BATON ROUGE TO THE GULF, LA	19580
	STATE TOTAL	33550
	MARYLAND	
NAB	BALTIMORE HARBOR & CHANNELS, MD	6992
	STATE TOTAL	6992
	MASSACHUSETTS	
NED	BOSTON HARBOR, MA	1632
NED	CAPE COD CANAL, MA	4698
NED	CHELSEA RIVER, MA	160
NED	FALL RIVER HARBOR, MA & RI	1438
NED	GLOUCESTER HARBOR & ANNISQUAM RIVER, MA	136
	STATE TOTAL	8064
	MICHIGAN	
NCE	CHANNELS IN LAKE ST. CLAIR, MI	107
NCE	CHANNELS IN STRAITS OF MACKINAC, MI	210
NCE	CHARLEVOIX HARBOR, MI	139
NCE	DETROIT RIVER, MI	8130
NCE	GRAND HAVEN HARBOR & GRAND RIVER, MI	510
NCE	GRAYS REEF PASSAGE, MI	16

OPERATIONS AND MAINTENANCE
CHANNELS AND HARBORS
(DEEP DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
NCE	HOLLAND HARBOR, MI	140
NCE	KEWEENAW WATERWAY, MI	396
NCE	LUDINGTON HARBOR, MI	185
NCE	MANISTEE HARBOR, MI	39
NCE	MENOMINEE HARBOR, MI	38
NCE	MONRCE HARBOR, MI	870
NCE	MUSKEGON HARBOR, MI	292
NCE	ONTONAGON HARBOR, MI	162
NCE	PENTWATER HARBOR, MI	67
NCE	PRESQUE ISLE HARBOR, MI	160
NCE	ROUGE RIVER, MI	735
NCE	SAUGATUCK HARBOR, MI	232
NCE	ST JOSEPH HARBOR, MI	534
NCE	ST. CLAIR RIVER, MI	1145
STATE TOTAL		14107
MINNESOTA		
NCE	DULUTH-SUPERIOR HARBOR, MN & WI	2358
NCE	GRAND MARAIS HARBOR, MN	23
STATE TOTAL		2381
MISSISSIPPI		
SAM	BILOXI HARBOR, MS	52
SAM	PASCAGOULA HARBOR, MS	3189
STATE TOTAL		3241
NEW HAMPSHIRE		
NED	PORTSMOUTH HARBOR, NH	290
STATE TOTAL		290
NEW JERSEY		
NAP	COLD SPRING INLET, NJ	550

OPERATIONS AND MAINTENANCE
CHANNELS AND HARBORS
(DEEP DRAFT)
(DOLLARS IN THOUSANDS)

DIS ADV	TITLE	FY 83 BUD AMT
NAP	DELAWARE RIVER, PHILADELPHIA TO TRENTON, NJ & PA	3076
NAP	DELAWARE RIVER, PHILADELPHIA TO THE SEA, NJ, PA & DE	17952
NAN	NEWARK BAY, HACKENSACK & PASSAIC RIVERS, NJ	4200
	STATE TOTAL	25778
	NEW YORK	
NAN	BAY RIDGE & RED HOOK CHANNELS, NY	810
NCB	BUFFALO HARBOR, NY	1862
NAN	HUDSON RIVER, NY	1400
NAN	NEW YORK & NEW JERSEY CHANNELS, NY & NJ	5200
NAN	NEW YORK HARBOR, NY	4918
NCB	OSWEGO HARBOR, NY	565
	STATE TOTAL	14755
	NORTH CAROLINA	
SAW	MOREHEAD CITY HARBOR, NC	3010
SAW	OCRACOKE INLET, NC	302
SAW	WILMINGTON HARBOR, NC	2596
	STATE TOTAL	5908
	OHIO	
NCB	ASHTABULA HARBOR, OH	610
NCB	CLEVELAND HARBOR, OH	6870
NCB	CONNEAUT HARBOR, OH	830
NCB	FAIRPORT HARBOR, OH	1083
NCB	HURON HARBOR, OH	565
NCB	LORAIN HARBOR, OH	1585
NCB	SANDUSKY HARBOP, OH	775
NCB	TOLEDO HARBOR, OH	3220
	STATE TOTAL	15538
	OREGON	
NPP	C & LW RIVERS BELOW VANCOUVER AND PORTLAND, OR & WA	13045

OPERATIONS AND MAINTENANCE
CHANNELS AND HARBORS
(DEEP DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
NPP	COLUMBIA RIVER AT THE MOUTH, OR & WA	4973
NPP	COOS BAY, OR	2413
NPP	PORT ORFORD, OR	86
NPP	SKIPANON CHANNEL, OR	292
NPP	TILLAMOOK BAY & BAR, OR	415
	STATE TOTAL	21224

PENNSYLVANIA

DIS ABV	TITLE	FY 83 BUD AMT
NAP	SCHUYLKILL RIVER, PA	1222
	STATE TOTAL	1222

RHODE ISLAND

DIS ABV	TITLE	FY 83 BUD AMT
NED	BLOCK ISLAND HARBOR OF REFUGE, RI	162
	STATE TOTAL	162

SOUTH CAROLINA

DIS ABV	TITLE	FY 83 BUD AMT
SAC	CHARLESTON HARBOR, SC	6323
SAC	SHIPYARD RIVER, SC	513
	STATE TOTAL	6836

TEXAS

DIS ABV	TITLE	FY 83 BUD AMT
SWG	CORPUS CHRISTI SHIP CHANNEL, TX (1968 ACT)	7185
SWG	FREEPORT HARBOR, TX	1620
SWG	HOUSTON SHIP CHANNEL, TX	11710
SWG	MATAGORDA SHIP CHANNEL, TX	5450
SWG	SABINE-NECHES WATERWAY, TX	9152
	STATE TOTAL	35117

VIRGINIA

DIS ABV	TITLE	FY 83 BUD AMT
NAO	JAMES RIVER, VA	2688

OPERATIONS AND MAINTENANCE
CHANNELS AND HARBORS
(DEEP DRAFT)
(DOLLARS IN THOUSANDS)

DIS ABV	TITLE	FY 83 BUD AMT
NAO	NORFOLK HARBOR, VA	5248
	STATE TOTAL	7936
	WASHINGTON	
NPP	COLUMBIA RIVER BETWEEN VANCOUVER, WA & THE DALLES, OR	503
NPS	EDIZ HOOK, WA	40
NPS	EVERETT HARBOR & SNOHOMISH RIVER, WA	80
NPS	PUGET SOUND & ITS TRIBUTARY WATERS, WA	600
NPS	SEATTLE HARBOR, WA	65
NPS	WILLAPA RIVER & HARBOR & NASELLE RIVER, WA	60
	STATE TOTAL	1348
	WISCONSIN	
NCE	ASHLAND HARBOR, WI	25
NCE	GREEN BAY HARBOR, WI	1210
NCE	KEWAUNEE HARBOR, WI	1051
NCE	MANITOWAC HARBOR, WI	133
NCE	MILWAUKEE HARBOR, WI	677
	STATE TOTAL	3096
	GRAND TOTAL	268419

QUESTION 9: Please provide a state-by-state breakdown of the backlog of all authorized, but uncompleted projects, listing the current cost of the project and the cost to complete (if the project has been initiated by the end of fiscal year 1982).

ANSWER:

As of 1 February 1982

CORPS OF ENGINEERS - CIVIL WORKS
SUMMARY - ACTIVE AUTHORIZED BACKLOG - FISCAL YEAR 1983

	No. of Proj.	Estimated Federal Cost ($000)	Allocations Thru FY 1982 ($000)	Budget FY 1983 ($000)	Balance to Complete ($000)
1. CONSTRUCTION NOT STARTED:					
Projects in FY 1983 Budget	34	2,649,221	53,548	10,467	2,585,206
AE&D New Starts	None				
Continuing AE&D	34	2,649,221	53,548	10,467	2,585,206
Restudy Funds Only	None				
Projects not in FY 1983 Budget	137	8,618,685	113,590	0	8,505,095
No AE&D Required	4	220,790	0	0	220,790
AE&D Fully-Funded	52	2,474,099	72,923	0	2,401,176
Continuing AE&D	37	4,162,590	40,597	0	4,121,993
AE&D Not Started	43	1,252,206	0	0	1,252,206
Restudy Funds Only	1	509,000	70	0	508,930
Total	171	11,267,906	167,138	10,467	11,090,301
2. CONSTRUCTION PROJECTS:					
Projects in FY 1983 Budget	159	22,293,707	11,411,231	1,218,445	9,664,031
Construction New Starts	None				
Continuing Construction	140	21,904,662	11,288,578	1,160,735	9,455,349
Reimbursement	2	6,735	3,110	1,255	2,370
Major Rehabilitation and Dam Safety Assurance	17	382,310	119,543	56,455	206,312
Projects not in FY 1983 Budget	79	4,298,848	2,008,480	0	2,290,368
Continuing Construction	65	4,265,831	1,990,744	0	2,275,087
Reimbursement	14	33,017	17,736	0	15,281
Major Rehabilitation and Dam Safety Assurance	None				
Total	238	26,592,555	13,419,711	1,218,445	11,954,399
3. MISSISSIPPI RIVER AND TRIBUTARIES:					
Projects in FY 1983 Budget	14	13,048,640	3,042,836	213,696	9,792,108
AE&D New Starts	None				
Continuing AE&D	1	22,600	500	200	21,900
Construction New Starts	None				
Continuing Construction	13	13,026,040	3,042,336	213,496	9,770,208
Major Rehabilitation and Dam Safety Assurance	None				
Projects not in FY 1983 Budget	16	710,471	187,103	0	523,368
Construction Not Started	6	175,598	2,425	0	173,173
Continuing Construction	10	534,873	184,678	0	350,195
Major Rehabilitation and Dam Safety Assurance	None				
Total	30	13,759,111	3,229,939	213,696	10,315,476

CORPS OF ENGINEERS - CIVIL WORKS
PROJECTS IN FY 1983 BUDGET*

	No. of Proj.	Estimated Federal Cost ($000)	Allocations Thru FY 1982 ($000)	Budget FY 1983 ($000)	Balance to Complete ($000)
1. CONSTRUCTION NOT STARTED:					
AE&D New Starts	None				
Continuing AE&D	34	2,649,221	53,548	10,467	2,585,206
Navigation	7	221,060	4,168	509	216,383
Beach Erosion Control	None				
Flood Control	26	1,443,161	35,686	9,650	1,397,825
Multiple Purpose Power	1	985,000	13,694	308	970,998
Restudy Funds Only	None				
Total	34	2,649,221	53,548	10,467	2,585,206
2. CONSTRUCTION PROJECTS:					
Construction New Starts	None				
Continuing Construction	140	21,904,662	11,288,578	1,160,735	9,455,349
Navigation	27	7,345,370	3,485,712	442,898	3,416,760
Beach Erosion Control	1	13,646	8,546	1,100	4,000
Flood Control	96	10,104,246	4,064,841	514,401	5,525,004
Multiple Purpose Power	16	4,441,400	3,729,479	202,336	509,585
Reimbursement	2	6,735	3,110	1,255	2,370
Major Rehabilitation and Dam Safety Assurance	17	382,310	119,543	56,455	206,312
Total	159	22,293,707	11,411,231	1,218,445	9,664,031
GRAND TOTAL	193	24,942,928	11,464,779	1,228,912	12,249,237

* Does not include Mississippi River and Tributaries.

CORPS OF ENGINEERS - CIVIL WORKS
PROJECTS NOT IN FY 1983 BUDGET*

	No. of Proj.	Estimated Federal Cost ($000)	Allocations Thru FY 1982 ($000)	Budget FY 1983 ($000)	Balance to Complete ($000)
1. CONSTRUCTION NOT STARTED:					
No AE&D Required	4	220,790	0	0	220,790
Navigation	1	2,690	0	0	2,690
Beach Erosion Control	None				
Flood Control	None				
Multiple Purpose Power	3	218,100	0	0	218,100
AE&D Fully-Funded	52	2,474,099	72,923	0	2,401,176
Navigation	19	210,624	6,452	0	204,172
Beach Erosion Control	3	20,380	1,344	0	19,036
Flood Control	27	1,791,795	55,611	0	1,736,184
Multiple Purpose Power	3	451,300	9,516	0	441,784
Continuing AE&D	37	4,162,590	40,597	0	4,121,993
Navigation	10	2,847,170	20,373	0	2,826,797
Beach Erosion Control	None				
Flood Control	25	1,035,720	18,356	0	1,017,364
Multiple Purpose Power	2	279,700	1,868	0	277,832
AE&D Not Started	43	1,252,206	0	0	1,252,206
Navigation	14	157,756	0	0	157,756
Beach Erosion Control	2	3,980	0	0	3,980
Flood Control	24	1,068,650	0	0	1,068,650
Multiple Purpose Power	3	21,820	0	0	21,820
Restudy Funds Only	1	509,000	70	0	508,930
Total	137	8,618,685	113,590	0	8,505,095
2. CONSTRUCTION PROJECTS:					
Continuing Construction	65	4,265,831	1,990,744	0	2,275,087
Navigation	24	1,589,046	1,258,110	0	330,936
Beach Erosion Control	12	171,600	50,483	0	121,117
Flood Control	26	1,859,685	466,752	0	1,392,933
Multiple Purpose Power	3	645,500	215,399	0	430,101
Reimbursement	14	33,017	17,736	0	15,281
Major Rehabilitation and Dam Safety Assurance	None				
Total	79	4,298,848	2,008,480	0	2,290,368
GRAND TOTAL	216	12,917,533	2,122,070	0	10,795,463

* Does not include Mississippi River and Tributaries.

CORPS OF ENGINEERS - CIVIL WORKS
SUMMARY - ALL AUTHORIZED PROJECTS

	No. of Proj.	Estimated Federal Cost ($000)	Allocations Thru FY 1982 ($000)	Budget FY 1983 ($000)	Balance to Complete ($000)
ACTIVE PROJECTS					
Construction Not Started	171	11,267,906	167,138	10,467	11,090,301
Construction Projects	238	26,592,555	13,419,711	1,218,445	11,954,399
Total	409	37,860,461	13,586,849	1,228,912	23,004,700
COMPLETED PROJECTS	3,545	18,791,004	18,791,004	0	0
DEFERRED PROJECTS	120	1,740,038	95,881	0	1,644,157
INACTIVE PROJECTS	209	5,317,622	86,885	0	5,230,737
Grand Total	4,283	63,709,125	32,560,619	1,228,912	29,919,594
MISSISSIPPI RIVER AND TRIBUTARIES					
Active Projects	30	13,759,111	3,229,939	213,696	10,315,476
Completed Projects	-	176,000	176,000	0	0
Deferred Projects	4	151,077	9,390	0	141,687
Inactive Projects	2	9,046	0	0	9,046
Total	36	14,095,234	3,415,329	213,696	10,466,209

KEY TO DIVISION/DISTRICT ABBREVIATIONS

LMV	Lower Mississippi Valley Division
LMM	Memphis District (MTM)*
LMN	New Orleans District (MTN)*
LMS	St. Louis District
LMK	Vicksburg District (MTV)*
MRD	Missouri River Division
MRK	Kansas City District
MRO	Omaha District
NED	New England Division
NAD	North Atlantic Division
NAB	Baltimore District
NAN	New York District
NAO	Norfolk District
NAP	Philadelphia District
NCD	North Central Division
NCB	Buffalo District
NCC	Chicago District
NCE	Detroit District
NCR	Rock Island District
NCS	St. Paul District
NPD	North Pacific Division
NPA	Alaska District
NPP	Portland District
NPS	Seattle District
NPW	Walla Walla District

ORD	Ohio River Division
ORH	Huntington District
ORL	Louisville District
ORN	Nashville District
ORP	Pittsburgh District
POD	Pacific Ocean Division
SAD	South Atlantic Division
SAN	Charleston District
SAJ	Jacksonville District
SAM	Mobile District
SAS	Savannah District
SAW	Wilmington District
SPD	South Pacific Division
SPL	Los Angeles District
SPK	Sacramento District
SPN	San Francisco District
SWD	Southwestern Division
SWA	Albuquerque District
SWF	Fort Worth District
SWG	Galveston District
SWL	Little Rock District
SWT	Tulsa District

* Additional District abbreviations for Mississippi River and Tributaries.

02/16/82
CONTINUING A E & D PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
	NAVIGATION				
SPN	NOYO RIVER AND HARBOR (BREAKWATER), CA..	5790	354	35	5401
SPN	NOYO RIVER AND HARBOR (CHANNEL .... EXTENSION), CA..........................	1700	315	64	1321
LMK	YAZOO RIVER, MS..........................	198000	1060	95	196845
NAP	DELAWARE RIVER IN THE VICINITY OF ...... CAMDEN, NJ..............................	5080	70	100	4910
NCB	GENEVA-ON-THE-LAKE, OH...................	2920	812	50	2058
SWT	BIG AND LITTLE SALLISAW CREEKS, OK......	3800	235	135	3430
NED	BRISTOL HARBOR, RI.......................	3770	322	30	3418
	SUB-TOTALS	221060	4168	509	216383
	# OF PROJECTS			(7)	

02/16/82
CONTINUING A E & D PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
FLOOD CONTROL					
LMM	MCKINNEY BAYOU, AR & TX	6900	810	240	5850
SWL	PINE MOUNTAIN LAKE, AR	63600	1432	218	61950
SPK	COTTONWOOD CREEK, CA	458000	8525	3200	446275
SPN	PAJARO RIVER, CA	1480	260	90	1130
SPL	SAN LUIS REY RIVER, CA	26200	1614	200	24386
NAP	DELAWARE COAST PROTECTION, DE	38200	439	50	37711
LMS	HARTWELL DRAINAGE AND LEVEE DISTRICT, IL	10700	832	200	9668
LMS	MILLVIEW DRAINAGE AND LEVEE DISTRICT, IL	10700	785	220	9695
LMS	MEREDOSIA LAKE AND WILLOW CREEK D & L DISTRICT, IL	8600	445	220	7935
LMS	MEREDOSIA, IL & MEREDOSIA, WILLOW CREEK, & COON RUN D&L DIST, IL	10100	550	222	9328
NCR	MOLINE, IL	20500	1069	281	19150
NCR	ROCK RIVER AGRICULTURAL LEVEES, IL	30100	630	68	29402
ORL	FRANKFORT, KY (SOUTH FRANKFORT)	4900	170	92	4638
LMN	WEST AGURS LEVEE, LA	800	257	63	480
NCE	RED RUN DRAIN AND LOWER CLINTON RIVER, MI	125000	3771	85	121144
NCS	BASSETT CREEK, MN	12500	1215	385	10900

02/16/82
CONTINUING A E & D PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
FLOOD CONTROL					
NCS	CHASKA, MN..............................	15600	909	275	14416
NCS	EAST GRAND FORKS, MN....................	11200	483	175	10542
NCS	ROCHESTER, MN...........................	59600	2034	366	57200
NCB	RENO BEACH - HOWARD FARMS AREA, OH......	2260	254	90	1916
NAP	FRANCIS E. WALTER DAM, PA...............	70000	1259	1100	68441
NAP	TAMAQUA, PA.............................	7921	525	600	6796
SWF	BIG SANDY LAKE, TX......................	99100	765	140	98195
SWG	CLEAR CREEK, TX.........................	62900	2418	260	60222
SWF	MILLICAN LAKE, TX.......................	264000	3300	600	260100
NCS	STATE ROAD AND EBNER COULEES, WI........	21500	935	202	20363
	SUB-TOTALS # OF PROJECTS	1443161	35686	9650 (26)	1397825
MULTIPLE PURPOSE POWER					
SWF	TRINITY RIVER, TX.......................	985000	13694	308	970998
	SUB-TOTALS # OF PROJECTS	985000	13694	308 (1)	970998
	GRAND TOTALS # OF PROJECTS	2649221	53540	10467 (34)	2505206

02/16/82
CONTINUING CONSTRUCTION PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
NAVIGATION					
SAM	TENNESSEE TOMBIGBEE WATERWAY, AL & MS...	1830000	1300095	186000	343905
SWL	MCCLELLAN-KERR ARK RIVER NAVIGATION .... SYSTEM LOCK & DAMS, AR & OK..............	543000	533194	5002	4804
LMK	OUACHITA AND BLACK RIVERS, AR & LA......	278000	179472	20400	78128
SPN	CRESCENT CITY HARBOR, CA................	3650	3298	352	0
SPL	LOS ANGELES - LONG BEACH HARBORS, CA....	30500	25177	5323	0
SPK	SAN FRANCISCO BAY TO STOCKTON, CA.......	173000	10809	4000	158191
SAJ	CANAVERAL HARBOR, FL....................	31500	5962	1000	24538
SAJ	TAMPA HARBOR MAIN CHANNEL, FL...........	178000	122470	27500	28030
POD	BARBERS POINT HARBOR, OAHU, HI..........	57900	11890	27000	19010
LMS	KASKASKIA RIVER NAVIGATION, IL..........	162600	122191	1700	38709
LMS	LOCK AND DAM NO. 26, MISSISSIPPI RIVER,. ALTON, IL & MO..........................	776000	131847	68200	575953
ORL	SMITHLAND LOCKS AND DAM, IL, IN, & KY...	276700	263026	3450	10224
LMN	LELAND BOWMAN LOCK, LA (REPLACEMENT)....	31700	9245	14000	8455
LMN	MISSISSIPPI RIVER, BATON ROUGE TO THE .. GULF OF MEXICO, LA......................	161000	16000	900	144100
LMN	MISSISSIPPI RIVER - GULF OUTLET, LA.....	592000	77950	2000	512050
LMN	RED RIVER WATERWAY - MISSISSIPPI RIVER . TO SHREVEPORT, LA.......................	1404000	373871	30000	1000129
NED	FALL RIVER HARBOR, MA & RI..............	62200	1325	3600	57275

02/16/82
CONTINUING CONSTRUCTION PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
NAVIGATION					
LMK	YAZOO RIVER - BELZONI BRIDGE, MS .... (ADVANCE PARTICIPATION)..................	8570	7054	1516	0
LMS	MISS RIVER BTWN THE OHIO & MISSOURI .... RIVERS, MO & IL (REG WORKS).............	231000	93946	2100	134954
NCB	CATTARAUGUS HARBOR, NY..................	4500	2750	1750	0
NAN	NY HARBOR COLLECTION & REMOVAL OF DRIFT, NY & NJ................................	58800	10029	1500	47271
SAW	AIWW-REPLACEMENT OF FEDERAL HIGHWAY .... BRIDGES, NC............................	66700	6872	4550	55278
SAW	MANTEO (SHALLOWBAG) BAY, NC.............	114000	4361	1000	108639
NCB	WEST HARBOR, OH.........................	3150	2835	315	0
SAW	COOPER RIVER, CHARLESTON HARBOR, SC.....	161000	136040	19940	5020
SAW	LITTLE RIVER INLET, SC & NC.............	18300	9419	5800	3081
SWG	CORPUS CHRISTI SHIP CHANNEL, TX (1968 .. ACT)...................................	87600	24584	4000	59016
	SUB-TOTALS	7345370	3485712	442898	3416760
	# OF PROJECTS			(27)	
BEACH EROSION					
NCB	PRESQUE ISLE, PA........................	13646	8546	1100	4000
	SUB-TOTALS	13646	8546	1100	4000
	# OF PROJECTS			(1)	

02/16/82
CONTINUING CONSTRUCTION PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
	FLOOD CONTROL				
NPA	CHENA RIVER LAKES, AK	279000	172849	11300	94851
SPL	INDIAN BEND WASH, AZ	31400	24381	6000	1019
SPL	PHOENIX AND VICINITY, AZ (STAGE 2 & REMAINING WORK)	321000	22249	4000	294751
SPL	CUCAMONGA CREEK, CA	113000	89797	11500	11703
SPN	DRY CREEK (WARM SPRINGS) LAKE AND CHANNEL, CA	315000	229287	12300	73413
SPK	SACRAMENTO RIVER BANK PROTECTION PROJECT, CA	110000	45167	700	64133
SPK	SACRAMENTO RIVER & MAJOR AND MINOR TRIBUTARIES, CA	11900	11337	200	363
SPL	SAN JACINTO RIVER LEVEE AND BAUTISTA CREEK CHANNEL, CA	10657	3377	2000	5280
SPN	WALNUT CREEK, CA	78600	32191	6300	40109
MRO	CHATFIELD LAKE, CO	93200	86402	2000	4798
NED	NEW LONDON HURRICANE BARRIER, CT	7700	6085	860	755
NAB	POTOMAC ESTUARY PILOT WATER TREATMENT PLANT, DC	21400	18196	3204	0
SAJ	CENTRAL AND SOUTHERN FLORIDA, FL	1460000	260956	11000	1188044
SAJ	DADE COUNTY, FL	49800	33239	2200	14361
SAJ	FOUR RIVER BASINS, FL	263000	65671	4600	192729

02/16/82
CONTINUING CONSTRUCTION PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
FLOOD CONTROL					
NPS	PLACER CREEK, ID	5950	4780	1170	0
NCR	EAST MOLINE, IL	9680	8450	1230	0
LMS	EAST ST. LOUIS AND VICINITY, IL	45000	7643	2700	34657
NCR	FULTON, IL	18400	17075	1325	0
LMS	KASKASKIA ISLAND DRAINAGE AND LEVEE DISTRICT, IL	16000	3518	1400	11082
LMS	MCGEE CREEK DRAINAGE AND LEVEE DISTRICT, IL	24800	10322	8510	5968
NCR	MILAN, IL	13900	4008	4000	5892
NCR	ROCKFORD, IL	8890	6429	400	2061
LMS	WOOD RIVER DRAINAGE AND LEVEE DISTRICT, IL	18700	15355	900	2445
ORL	EVANSVILLE, IN	53400	23869	3500	26031
ORL	LEVEE UNIT 5, IN	8400	6890	1060	550
NCR	BETTENDORF, IA	14500	1327	2440	10733
NCR	CORALVILLE LAKE, IA	28944	19807	2900	6237
MRO	LITTLE SIOUX RIVER, IA	19233	15483	250	3500
MRK	MISSOURI RIVER LEVEE SYSTEM, IA, NE, KS, & MO	287000	80219	2200	204581
NCR	SAYLORVILLE LAKE, IA	105050	96183	1960	6907
NCR	WATERLOO, IA	52300	44147	1253	6900
SWT	EL DORADO LAKE, KS	91100	75909	4700	10491
ORN	BIG SOUTH FORK NATIONAL RIVER & RECREATION AREA, KY & TN	103522	51356	10875	41291

02/16/82
CONTINUING CONSTRUCTION PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
FLOOD CONTROL					
ORL	CAVE RUN LAKE, KY	79900	69175	1450	9275
ORH	PAINTSVILLE LAKE, KY	61000	45457	6000	9543
ORL	SOUTHWESTERN JEFFERSON COUNTY, KY	68700	35753	12000	20947
ORL	TAYLORSVILLE LAKE, KY	99400	68080	13750	17570
LMN	BAYOU BODCAU AND TRIBUTARIES, LA	43300	4557	500	38243
LMN	GRAND ISLE AND VICINITY, LA (HURRICANE PROTECTION)	9400	1650	5000	2750
LMN	LAKE PONTCHARTRAIN AND VICINITY, LA (HURRICANE PROTECTION)	700000	130564	18800	550636
LMN	LAROSE TO GOLDEN MEADOW, LA (HURRICANE PROTECTION)	60900	18932	11000	30968
LMN	MORGAN CITY AND VICINITY, LA	58600	754	350	57496
LMN	NEW ORLEANS TO VENICE, LA (HURRICANE PROTECTION)	171000	45204	3450	122346
NAB	BLOOMINGTON LAKE, MD & WV	174300	172792	1508	0
NED	CHARLES RIVER NATURAL VALLEY STORAGE AREA, MA	8070	7535	535	0
NCE	SAGINAW RIVER, MI	138000	21761	2385	113854
NCS	BIG STONE LAKE AND WHETSTONE RIVER, MN & SD	13100	9815	500	2785
NCS	MANKATO & NORTH MANKATO, MN	96500	45730	7000	43770
NCS	WINONA, MN	30600	17597	7550	5453
SAM	TOMBIGBEE RIVER AND TRIBUTARIES, MS & AL	151000	11414	1300	138286

02/16/82
CONTINUING CONSTRUCTION PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
FLOOD CONTROL					
MRK	BLUE RIVER CHANNEL, KANSAS CITY, MO......	141000	6145	8200	126655
MRK	LITTLE BLUE RIVER LAKES, MO...............	161000	91895	23000	46105
MRK	LITTLE BLUE RIVER CHANNEL, MO............	32300	20616	5100	6584
MRK	LONG BRANCH LAKE, MO......................	19800	17561	550	1689
LMS	PERRY COUNTY DRAINAGE & LEVEE DISTRICTS, NO. 1, 2, & 3, MO......................	8760	6920	1840	0
MRO	GREAT FALLS, MT...........................	11300	3782	4000	3518
MRO	PAPILLION CREEK AND TRIBUTARIES LAKES, . NE......................................	51200	28678	9500	13022
NAN	ELIZABETH, NJ.............................	63600	34344	10800	18456
NAN	FIRE ISLAND INLET TO MONTAUK POINT, NY..	275000	9128	1200	264672
SAW	B. EVERETT JORDAN DAM AND LAKE, NC......	143000	91267	2000	49733
SAW	FALLS LAKE, NC............................	165000	116171	10300	38529
NCS	LAKE DARLING DAM, ND......................	86400	500	1000	84900
ORH	ALUM CREEK LAKE, OH.......................	56700	54468	150	2082
ORL	CAESAR CREEK LAKE, OH.....................	65000	62188	620	2192
ORH	CHILLICOTHE, OH...........................	22100	20054	2046	0
ORL	MILL CREEK, OH............................	249000	11312	10400	227288
ORH	NEWARK, OH................................	10800	4839	300	5661

02/16/82
CONTINUING CONSTRUCTION PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
FLOOD CONTROL					
NCB	POINT PLACE, OH........................	8900	1699	2300	4901
SWT	ARCADIA LAKE, OK........................	92000	33335	22600	36065
SWT	COPAN LAKE, OK........................	72000	69672	300	2028
SWT	SARDIS LAKE, OK........................	54900	51107	1200	2593
SWT	SKIATOOK LAKE, OK........................	112000	80165	10000	21835
NPP	LOWER COLUMBIA RIVER BASIN BANK .... PROTECTION, OR & WA........................	29100	13125	2300	13675
NPP	WILLAMETTE RIVER BASIN BANK PROTECTION,. OR........................	34600	21847	2000	9953
NPW	WILLOW CREEK LAKE, HEPPNER, OR..........	37000	26926	8000	2074
NAB	WYOMING VALLEY, PA (REMEDIAL WORK)......	29400	14025	2700	12675
SAJ	PORTUGUES AND BUCANA RIVERS, PR.........	295000	60136	29000	205864
SWF	AQUILLA LAKE, TX........................	50000	42457	5500	2043
SWT	ARKANSAS - RED RIVER BASINS CHLORIDE ... CONTROL (AREA VIII), TX..................	52800	40071	5100	7629
SWF	COOPER LAKE AND CHANNELS, TX............	169000	22653	1500	144847
SWA	EL PASO, TX........................	74000	38679	6000	29321
SWG	HIGHLAND BAYOU, TX........................	19500	11834	300	7366
SWF	LAKEVIEW LAKE, TX........................	220000	110588	27800	81612
SWF	RAY ROBERTS LAKE, TX........................	286100	22395	37000	226705
SWF	SAN ANTONIO CHANNEL IMPROVEMENT, TX.....	70500	35018	3300	32182
SWF	SAN GABRIEL RIVER, TX..................	146000	99252	550	46198
SWG	TAYLORS BAYOU, TX........................	73000	2843	1700	68457
SWG	TEXAS CITY AND VICINITY, TX (HURRICANE .. FLOOD PROTECTION)........................	37600	34730	2870	0
FLOOD CONTROL					
SWF	THREE RIVERS, TX........................	5890	5121	769	0
SWG	VINCE AND LITTLE VINCE BAYOUS, TX.......	18100	6868	2000	9232
ORH	BEECH FORK LAKE, WV........................	47300	36992	1300	9008
ORH	BURNSVILLE LAKE, WV........................	54500	50595	2850	1055
ORH	R D BAILEY LAKE, WV........................	193000	185322	3300	4378
ORP	STONEWALL JACKSON LAKE, WV...............	201000	62975	16200	121825
NCS	PRAIRIE DU CHIEN, WI........................	4020	3859	161	0
	SUB-TOTALS	10104246	4068841	514401	5525004
	# OF PROJECTS			(96)	

02/16/82
CONTINUING CONSTRUCTION PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
MULTIPLE PURPOSE POWER					
SAM	JONES BLUFF LOCK & DAM, AL..............	84600	83500	600	500
SWL	NORFORK LAKE HIGHWAY BRIDGE .... CONSTRUCTION, AR........................	41600	37982	3618	0
SPK	NEW MELONES LAKE, CA....................	380000	324189	5500	50311
SAS	HARTWELL LAKE FIFTH UNIT, GA & SC.......	18100	13405	4695	0
SAS	RICHARD B. RUSSELL DAM AND LAKE, GA & .. SC......................................	507000	282321	70000	154679
NPW	DWORSHAK DAM AND RESERVOIR, ID..........	329000	319874	2050	7076
ORN	LAUREL RIVER LAKE, KY...................	59400	54468	2170	2762
LMS	CLARENCE CANNON DAM AND MARK TWAIN LAKE, MO......................................	303000	263487	15400	24113
NWK	HARRY S. TRUMAN DAM AND RESERVOIR, MO...	543000	484942	9800	48258
NWK	STOCKTON LAKE, MO.......................	79300	76500	2800	0
NPS	LIBBY ADDITIONAL UNITS, MT..............	52800	32627	10200	9973
NPP	BONNEVILLE SECOND POWERHOUSE, OR & WA...	662000	595336	26400	40264
NPP	JOHN DAY LOCK AND DAM, LAKE UMATILLA, .. OR & WA..................................	517000	483197	3700	30103
MULTIPLE PURPOSE POWER					
NPS	CHIEF JOSEPH DAM ADDITIONAL UNITS, WA...	362000	309064	16000	36936
NPW	LOWER GRANITE LOCK AND DAM, WA & ID.....	321600	319197	2403	0
NPW	LOWER SNAKE RIVER FISH AND WILDLIFE .... COMPENSATION, WA, OR & ID...............	181000	49390	27000	104610
	SUB-TOTALS	4441400	3729479	202336	509585
	# OF PROJECTS			(16)	
	GRAND TOTALS	21904662	11288578	1160735	9455349
	# OF PROJECTS			(148)	

02/02/82
REIMBURSEMENT PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
BEACH EROSION					
NED	LYNN - NAHANT BEACH, MA (REIMB)..........	1235	0	875	360
NAO	VIRGINIA BEACH, VA (1962 MODIFICATION) . (REIMB)................................	5500	3110	380	2010
	SUB-TOTALS	6735	3110	1255	2370
	# OF PROJECTS			(2)	
	GRAND TOTALS	6735	3110	1255	2370
	# OF PROJECTS			(2)	
NAVIGATION					
POD	KAHULUI HARBOR, MAUI, HI (REHAB)........	6300	364	4500	1436
NCR	ILLINOIS WATERWAY, DRESDEN ISLAND L & D, IL (REHAB).............................	15500	14764	736	0
NCR	ILLINOIS WATERWAY, LOCKPORT L & D, IL .. (REHAB)................................	17000	0	500	16500
NCR	ILLINOIS WATERWAY, STARVED ROCK L & D, . IL (REHAB).............................	11800	11301	499	0
ORL	LOCKS AND DAM 52, IL & KY (REHAB).......	9900	7601	800	1499
ORL	LOCKS AND DAM 53, IL & KY (REHAB).......	6300	3157	1200	1943
NED	CAPE COD CANAL HIGHWAY BRIDGES, MA ..... (REHAB)................................	25200	23465	1735	0
NPP	COLUMBIA RIVER AT THE MOUTH, SOUTH ..... JETTY, OR & WA (MAJOR REHAB)............	3160	2700	460	0
ORP	EMSWORTH LOCKS AND DAM, OHIO RIVER, PA . (REHAB)................................	36000	16715	9500	9785
NPS	LAKE WASHINGTON SHIP CANAL, WA (REHAB)..	7850	1500	3000	3350
	SUB-TOTALS	139010	81567	22930	34513
	# OF PROJECTS			(10)	

02/02/82
MAJOR REHAB & DAM SAFETY ASSURANCE PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
FLOOD CONTROL					
SWA	TRINIDAD LAKE, CO (DAM SAFETY ASSURANCE)..	7200	3500	3700	0
ORH	MUSKINGUM RIVER LAKES, OH (DAM SAFETY .. ASSURANCE)..................................	94900	2400	5200	87300
ORH	MUSKINGUM RIVER LAKES, OH (REHAB).......	78800	13870	3800	61130
ORP	KINZUA DAM AND ALLEGHENY RESERVOIR, PA . & NY (REHAB)............................	6000	950	5050	0
NPW	MILL CREEK LAKE, WA (REHAB).............	15400	9956	3400	2044
	SUB-TOTALS # OF PROJECTS	202300	30676	21150 (5)	150474
MULTIPLE PURPOSE POWER					
SAS	HARTWELL LAKE UPPER & LOWER DIVERSION .. DAMS, GA & SC (REHAB)....................	9900	3500	5000	1400
SAM	WALTER F. GEORGE LOCK AND DAM, GA & AL..	31100	3800	7375	19925
	SUB-TOTALS # OF PROJECTS	41000	7300	12375 (2)	21325
	GRAND TOTALS # OF PROJECTS	382310	119543	56455 (17)	206312
MTM	L'ANGUILLE RIVER, AR....................	22600	500	200	21900
	SUB-TOTALS # OF PROJECTS	22600	500	200 (1)	21900
	GRAND TOTALS # OF PROJECTS	22600	500	200 (1)	21900

02/02/82

CONTINUING M R & T CONSTRUCTION PROJECTS IN FY 83 BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT	TOTAL EST. FEDERAL COST	ALLOC. TO DATE	APPROVED BUDGET	BALANCE TO COMPLETE
	FLOOD CONTROL				
MTV	CHANNEL IMPROVEMENT, AR, IL, KY, LA, MO, MS, & TN..................................	5205000	1226525	51800	3926675
MTV	MISSISSIPPI RIVER LEVEES, AR, IL, KY, .. LA, MO, MS, & TN..............................	1725000	477221	31000	1216779
MTM	ST. FRANCIS BASIN, AR & MO..............	389000	221715	5730	161555
MTV	TENSAS BASIN, AR & LA....................	655000	162143	20300	472557
MTM	REELFOOT LAKE, LAKE NO. 9, KY & TN......	10410	8285	170	1955
MTN	ATCHAFALAYA BASIN, LA.....................	2800000	412319	28300	2359381
MTN	BAYOU COCODRIE AND TRIBUTARIES, LA......	39500	4189	100	35211
MTN	LOWER RED RIVER - SOUTH BANK LEVEES, LA.	47200	18396	800	28004
MTN	OLD RIVER, LA.............................	383000	103017	54800	225183
MTN	TECHE-VERMILION BASINS, LA (ADDITIONAL . SURFACE WATER SUPPLY)...................	35700	33429	2271	0
MTV	YAZOO BASIN MS.............................	1616000	350616	15500	1249884
MTM	MUD LAKE PUMPING STATION, TN.............	5230	740	325	4165
MTM	WEST TENNESSEE TRIBUTARIES, TN...........	115000	23741	2400	88859
	SUB-TOTALS	13026040	3042336	213496	9770208
	# OF PROJECTS			(13)	
	GRAND TOTALS	13026040	3042336	213496	9770208
	# OF PROJECTS			(13)	

02/12/82

CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
NO AE&D REQUIRED
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	NAVIGATION					
NCS	GUIDEWALL EXT LOCK NO 3,MN 1930, 35 ACTS	MN	2,690	0	0	2,690
	SUBTOTAL 1 PROJECTS		2,690	0	0	2,690
	MULTIPLE PURPOSE POWER					
SAM	LOWER AUCHUMPKEE CREEK LAKE, GA 1965 ACT	GA	182,000	0	0	182,000
NPP	BONNEVILLE POWER UNITS, OR & WA	OR	27,900	0	0	27,900
NPP	THE DALLES AUXILIARY UNITS, OR & WA	OR	8,200	0	0	8,200
	SUBTOTAL 3 PROJECTS		218,100	0	0	218,100
	GRAND TOTAL 4 PROJECTS		220,790	0	0	220,790

02/12/82

CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
AE&D FULLY FUNDED
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	NAVIGATION					
NPA	KAKE HARBOR AK 1960 ACT	AK	12,600	641	0	11,959
SPN	BODEGA BAY CA 1965 ACT	CA	2,310	585	0	1,725
POD	ALA WAI HARBOR,OAHU,HI 1960 ACT	HI	356	40	0	316
POD	KAUNAKAKAI LD HARBOR,MOLOKAI,HI 1962 ACT	HI	1,240	35	0	1,205
POD	KIKIAOLA SMALL BOAT HBR, KAUAI, HI 1968 ACT	HI	1,010	193	0	817
POD	MAALAEA SMALL BOAT HARBOR, MAUI, HI 1968 ACT	HI	4,220	195	0	4,025
NCR	SAVANNA SMALL BOAT HARBOR,IL 1962 ACT	IL	368	85	0	283
NCR	SNY ISLAND LEVEE DRAIN DIST,IL 1937,45,58 ACT	IL	2,420	140	0	2,280
NED	JONESPORT HARBOR, ME, SEC 201, AUTH 1976	ME	8,100	215	0	7,885
NCE	CEDAR RIVER HARBOR MICH, 1965 ACT	MI	1,450	265	0	1,185
NCE	BEAVER BAY HARBOR,MN 1945 ACT	MN	3,150	293	0	2,857
NCE	KNIFE RIVER HARBOR,MN 1970 ACT	MN	1,740	141	0	1,599
NCE	LUTSEN HARBOR,MN 1945 ACT	MN	8,220	357	0	7,863
NAN	MORICHES INLET,NY 1960 ACT	NY	19,350	931	0	18,419
NCB	PORT ONTARIO HARBOR,NY 1945 ACT	NY	5,220	760	0	4,460
NPP	CHETCO RIVER, OREG	OR	8,240	250	0	7,990
NPP	SIUSLAW RIVER AND BAR OREGON	OR	33,500	310	0	33,190
SWG	FREEPORT HARBOR, TX 1970 ACT	TX	87,700	793	0	86,907
SAJ	PONCE HARBOR, PR SEC 201, AUTH 1976	PR	9,430	223	0	9,207
	SUBTOTAL 19 PROJECTS		210,624	6,452	0	204,172
	BEACH EROSION CONTROL					
SAJ	MANATEE COUNTY,FL SEC 201, AUTH 1975	FL	8,100	222	0	7,878

02/12/82

CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
AE&D FULLY FUNDED
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	BEACH EROSION CONTROL					
NED	REVERE BEACH SEC 201 1970 SUFFOLK COUNTY	MA	6,480	347	0	6,133
SAW	FORT FISHER & VICINITY,NC SEC 201,1976	NC	5,800	775	0	5,025
	SUBTOTAL 3 PROJECTS		20,380	1,344	0	19,036
	FLOOD CONTROL					
SPK	MERCED COUNTY STREAMS, CA 1970 ACT	CA	103,000	5,750	0	97,250
SAS	BROADWAY LAKE SC 1974 ACT	GA	1,630	99	0	1,531
LMS	ELDRED & SPANKEY D&L DIST,IL	IL	11,500	1,200	0	10,300
LMS	NUTWOOD D&L DIST,IL	IL	8,390	1,000	0	7,390
NCR	DAVENPORT,IA 1970 ACT	IA	52,700	1,490	0	51,210
MRK	ONAGA LAKE, KS 1962 ACT	KS	95,300	2,300	0	93,000
MRK	TUTTLE CREEK LAKE ROAD IMPR, KS 1974 ACT	KS	500	3	0	497
ORH	KEHOE LAKE, KY.	KY	43,300	1,273	0	42,027
ORH	MARTIN, KY. LPP	KY	9,850	213	0	9,637
NCS	TWIN VALLEY LAKE,WILD RICE RIVER,MN 1970	MN	49,000	1,912	0	47,088
LMS	UNION LAKE, MO	MO	106,000	2,250	0	103,750
MRO	MILES CITY,MT 1950 ACT	MT	5,800	203	0	5,597
MRO	MISSOURI NATIONAL RECREATIONAL RIVER, NE & SD	NE	21,000	600	0	20,400
NAN	LIBERTY STATE PARK, LEVEE & SEAWALL, NJ	NJ	21,800	208	0	21,592
NAN	ARDSLEY,NY SEC 201, AUTH 1976	NY	2,880	410	0	2,470
NCB	DANSVILLE & VIC, NY 1948 ACT	NY	1,000	465	0	535
NAN	SAWMILL R,ELMSFORD-GREENBURG,NY SEC 201,1976	NY	5,340	490	0	4,850
SAW	RANDLEMAN LAKE,NC 1968 ACT	NC	159,000	3,439	0	155,561

02/12/82

CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
AE&D FULLY FUNDED
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	FLOOD CONTROL					
SWT	ARK-RED BASINS CHL CONT,OK,TX,KS 1966,70,76	OK	810,400	25,760	0	784,640
SWT	SHIDLER LAKE, OK 1966 ACT	OK	46,500	568	0	45,932
NAP	HAY CREEK,BIRDSBORO,PA SEC 201,AUTH 1976	PA	2,845	365	0	2,480
SWT	BIG PINE LAKE,TX 1962 ACT	TX	86,000	1,702	0	84,298
SWF	LAKE BROWNWOOD MODIFICATION,TX 1968 ACT	TX	9,480	840	0	8,640
SWF	NAVARRO MILLS LAKE,TX-ROAD RELOC 1970 ACT	TX	3,400	65	0	3,335
SPK	LITTLE DELL LAKE UTAH 1968 ACT	UT	115,000	2,055	0	112,945
NAO	RICHMOND FILTRATION PLANT,VA 1976 ACT	VA	12,900	471	0	12,429
NPW	ZINTEL CANYON DAM,WA SEC 201 AUTH 1970	WA	7,200	400	0	6,800
	SUBTOTAL 27 PROJECTS		1,791,795	55,611	0	1,736,184
	MULTIPLE PURPOSE POWER					
NPA	BRADLEY LAKE POWER PROJECT AK 1962 ACT	AK	310,000	6,341	0	303,659
SWL	NORFORK LAKE-UNITS 3 & 4,AR 1941 ACT	AR	35,300	1,400	0	33,900
NPP	STRUBE LAKE & COUGAR ADDL UNIT,OR 1950,54,62	OR	106,000	1,775	0	104,225
	SUBTOTAL 3 PROJECTS		451,300	9,516	0	441,784
	GRAND TOTAL 52 PROJECTS		2,474,099	72,923	0	2,401,176

02/12/82

CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
CONTINUING AE&D NOT IN BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	NAVIGATION					
SAM	MONTGOMERY TO GADSDEN, AL (1945 ACT)	AL	1,095,000	14,200	0	1,080,800
SAJ	GIWW ST MARKS TO TAMPA BAY,FL 1968 ACT	FL	317,000	39	0	316,961
POD	KAWAIHAE SM BOAT HBR,HAWAII,HI 1965 ACT	HI	1,390	83	0	1,307
NCR	ILL WW-DUPLICATE LOCKS,IL 1962 ACT	IL	1,044,000	2,265	0	1,041,735
NAB	BALTIMORE HARBOR & CHANNELS MD & VA 1970 ACT	MD	334,000	1,450	0	332,550
NCE	CROSS VILLAGE HARBOR,MI 1966 ACT	MI	3,440	279	0	3,161
NCS	HARRIET ISLAND	MN	231	9	0	222
NAP	GREAT EGG HBR INLET & PECK BE,NJ SEC 201,70	NJ	17,500	388	0	17,112
SWG	NECHES RIV & TRIBS SALTWATER BARRIER,TX 1976	TX	29,700	1,455	0	28,245
NCE	GREEN BAY HARBOR 1962 ACT BROWN COUNTY	WI	4,909	205	0	4,704
	SUBTOTAL 10 PROJECTS		2,847,170	20,373	0	2,826,797
	FLOOD CONTROL					
SPL	GILA & SALT RIV GILLESPIE TO MCDOWELL	AZ	5,100	34	0	5,066
POD	KAHOMA STREAM, MAUI, HI SEC 201, AUTH 1976	HI	16,300	694	0	15,606
ORL	LOUISVILLE LAKE,IL 1968 ACT	IL	104,000	1,765	0	102,235
ORL	RUSSELL & ALLISON LEVEE 1938 ACT LAWRENCE	IL	16,600	52	0	16,548
SWT	TOWANDA LAKE,KS 1965 ACT	KS	78,700	392	0	78,308
LMN	RED RIV WW SHREVEPORT,LA-VIC INDEX,ARK 1968	LA	186,000	688	0	185,312
NED	HODKAGEE LAKE,MA 1966 ACT	MA	21,200	564	0	20,636
NED	NORTH NASHUA RIVER FLOOD CONTROL PROJECT	MA	700	300	0	400
NED	WHITMANVILLE LAKE, MA 1966 ACT	MA	17,800	605	0	17,195
NCR	HANNIBAL MARION CO MISS RIV 1962 ACT	MO	625	161	0	464

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
CONTINUING AE&D NOT IN BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	FLOOD CONTROL					
LMS	PINE FORD LAKE, MO	MO	133,000	3,890	0	129,110
SPK	HUMBOLDT RIVER AND TRIBS NEVADA 1950 ACT	NV	33,400	1,573	0	31,827
SWA	RIO GRANDE FLOODWAY, TRUTH OR CONSEQUENCES,NM	NM	NOT AVAIL.	375	0	
SWA	SANTA FE & ARROYOS MASCARAS,NM 1976 ACT	NM	NOT AVAIL.	768	0	
SAC	REDDIES RIVER LAKE,NC 1946 ACT	NC	37,700	986	0	36,714
NCS	SHEYENNE RIVER FLOOD CONTROL PROJ,ND 1970 ACT	ND	56,900	2,275	0	54,625
SWT	RED RIV WW INDEX AR TO DENISON DAM TX	OK	103,000	105	0	102,895
NPP	JOHNSON CREEK CHAN IMPR 1950 ACT	OR	5,020	181	0	4,839
NPP	PENINSULA DRAINAGE DIST NO 2 1950 ACT	OR	2,880	35	0	2,845
NAP	POTTSTOWN,PA -SEC 201, AUTH 1974	PA	4,100	487	0	3,613
NAP	PROMPTON LAKE,PA 1962 MOD	PA	35,000	270	0	34,730
SWF	ELM FORK FLOODWAY,TX 1965 ACT	TX	51,400	662	0	50,738
NAO	VIRGINIA BEACH STREAMS CANAL 2,VA SEC 201,76	VA	4,505	325	0	4,180
NPS	WENATCHEE CANYONS 1&2,WA SEC 201 AUTH 1976	WA	37,500	544	0	36,956
ORH	OCEANA W, VA, LPP (SECTION 201)	WV	4,290	625	0	3,665
	SUBTOTAL 25 PROJECTS		1,035,720	18,356	0	1,017,364
	MULTIPLE PURPOSE POWER					
SAM	LAZER CREEK LAKE, GA (1965 ACT)	GA	258,000	810	0	257,190
SWT	FT GIBSON LAKE OK POWER UNITS 5&6	OK	21,700	1,058	0	20,642
	SUBTOTAL 2 PROJECTS		279,700	1,868	0	277,832
	GRAND TOTAL 37 PROJECTS		4,162,590	40,597	0	4,121,993

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
AE&D NOT STARTED
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	NAVIGATION					
SAJ	TAMPA HARBOR BRANCH CHAN, FL 1970 ACT	FL	44,000	0	0	44,000
POD	NAWILIWILI DD HARBOR, KAUAI, HI 1970 ACT	HI	3,980	0	0	3,980
NED	IPSWICH RIVER, MA 1968 ACT	MA	3,070	0	0	3,070
NED	PLEASANT BAY, MA 1970 ACT	MA	22,450	0	0	22,450
NCE	BLACK RIVER HARBOR,MI SEC 201, 1970	MI	1,970	0	0	1,970
NCE	FORESTVILLE HARBOR,MI 1968 ACT	MI	2,100	0	0	2,100
NCE	HOLLAND HARBOR ENTRANCE CHANNEL	MI	2,830	0	0	2,830
NCE	MIDDLE CHANNEL-ST CLAIR RIVER,MI 1946 ACT	MI	720	0	0	720
NAP	TOWNSEND INLET & SEVEN MI BE,NJ SEC 201,1970	NJ	12,256	0	0	12,256
NCB	PORT BAY 1950 R&H ACT	NY	5,820	0	0	5,820
NAN	SHINNECOCK INLET,NY 1960 ACT	NY	9,490	0	0	9,490
SAW	MOREHEAD CITY HARBOR,NC 1937 ACT	NC	45,800	0	0	45,800
NCB	FAIRPORT HARBOR, OH (SEC 201) 1977	OH	2,520	0	0	2,520
NCB	HUDSON SMALL BOAT HARBOR,WI 1950 ACT	WI	670	0	0	670
	SUBTOTAL 14 PROJECTS		157,756	0	0	157,756
	BEACH EROSION CONTROL					
SAJ	LEE COUNTY,FL SEC 201, AUTH 1970	FL	2,500	0	0	2,500
SAJ	LIDO KEY,FL 1970 ACT	FL	1,480	0	0	1,480
	SUBTOTAL 2 PROJECTS		3,980	0	0	3,980
	FLOOD CONTROL					
NPW	LUCKY PEAK SECOND OUTLET IDAHO 1976 ACT	ID	4,100	0	0	4,100

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
AE&D NOT STARTED
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	FLOOD CONTROL					
LMS	BIG SWAN D&L DIST,IL	IL	11,900	0	0	11,900
NCR	FARMERS DRAIN & LEVEE DIST,IL 1968 ACT	IL	3,770	0	0	3,770
LMS	FT CHARTRES & IVY LND D-L DIST	IL	7,030	0	0	7,030
LMS	INDIAN CREEK AREA, IL	IL	16,400	0	0	16,400
LMS	SCOTT COUNTY D&L DIST, IL	IL	13,800	0	0	13,800
ORL	DOWNEYVILLE LAKE,IN 1968 ACT	IN	63,900	0	0	63,900
SWT	DOUGLASS LAKE, KS 1965 ACT	KS	71,900	0	0	71,900
MRK	MELVERN & POMONA LAKES RD IMPR,KS 1974 ACT	KS	500	0	0	500
MRK	TUTTLE CREEK LAKE ROAD & BRIDGE,KS 1976 ACT	KS	630	0	0	630
LMS	ANGLER USE SITES,MO	MO	2,040	0	0	2,040
LMS	IRONDALE LAKE, MO	MO	62,100	0	0	62,100
LMS	I-38 LAKE, MO	MO	27,600	0	0	27,600
MRK	LOWER GRAND RIVER, MO 1965 ACT	MO	33,600	0	0	33,600
LMS	MISS RIV AGRI AREA 12,MO	MO	4,190	0	0	4,190
NAP	DEL RIV PHILA,PA-TRENTON,NJ SEC 201, 1976	NJ	1,790	0	0	1,790
NCS	OTTAWA,OH 1966 ACT	OH	14,200	0	0	14,200
SWT	BOSWELL LAKE, OK 1946 ACT	OK	187,000	0	0	187,000
SWT	SAND LAKE, OK 1962 ACT	OK	26,900	0	0	26,900
NED	WESTERLY,RI 1965 ACT HURRICANE PROT	RI	10,100	0	0	10,100
SWF	BROWNWOOD CHANNEL IMPROVMENT,TX 1968 ACT	TX	38,100	0	0	38,100
SWF	NAVASOTA LAKE,TX 1968 ACT	TX	316,000	0	0	316,000
SWF	PECAN BAYOU LAKE,TX 1968 ACT	TX	43,100	0	0	43,100

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
AE&D NOT STARTED
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	FLOOD CONTROL					
SWF	ROANOKE LAKE,TX 1965 ACT	TX	100,000	0	0	100,000
	SUBTOTAL 24 PROJECTS		1,060,650	0	0	1,060,650
	MULTIPLE PURPOSE POWER					
SWL	WHITE RIVER FISH HATCHERY,AR 1976 ACT	AR	6,000	0	0	6,000
MRO	SPRINGFIELD WATER INTAKE, SD	SD	2,190	0	0	2,190
SWT	DENISON DAM PWR UNIT 3,OK,TX 1938,57 ACTS	TX	13,630	0	0	13,630
	SUBTOTAL 3 PROJECTS		21,820	0	0	21,820
	GRAND TOTAL 43 PROJECTS		1,252,206	0	0	1,252,206

CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
PROJECTS W/ONLY RESTUDY FUNDS APPRO
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	NAVIGATION					
LMN	RED RIVER WW-SHREVEPORT,LA-DAINGERFIELD	LA	509,000	70	0	508,930
	SUBTOTAL 1 PROJECTS		509,000	70	0	508,930
	GRAND TOTAL 1 PROJECTS		509,000	70	0	508,930

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONTINUING CONSTRUCTION

(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	NAVIGATION					
SAM	MOBILE HARBOR THEODORE SHIP CHANNEL,AL	AL	64,600	53,700	0	10,900
SPL	PORT SAN LUIS-SAN LUIS OBISPO,CA 1965,76	CA	9,470	570	0	8,900
SPL	PORT HUENEME HARBOR 1968 ACT	CA	2,690	1,041	0	1,649
SPL	SAN DIEGO RIV & MISSION BAY,CA 1944,46 ACTS	CA	19,600	11,835	0	7,765
SPN	SANTA CRUZ HARBOR,CA 1958 ACT	CA	2,960	1,852	0	1,108
NAP	IWW DEL R TO CHES BAY C&D CANAL PT II 1954ACT	DE	133,372	99,852	0	33,520
SAJ	CROSS FLORIDA BARGE CANAL,FL 1962 ACT	FL	179,000	62,842	0	116,158
SAJ	PORT EVERGLADES HARBOR,FL -SEC 201, 1974	FL	35,800	34,100	0	1,700
NCC	CALUMET HARBOR & RIVER,IL 1962, 65 ACTS	IL	25,600	7,130	0	18,470
ORL	NEWBURGH LOCKS & DAM,IN,KY 1909 ACT	IN	105,190	104,600	0	590
ORL	UNIONTOWN LOCKS & DAM,IN,KY 1909 ACT	IN	100,700	100,640	0	60
MRK	MO RIV SIOUX CITY-MOUTH, IA KS MO NB 1945 ACT	IA	424,000	417,322	0	6,678
LMN	RED R EMER BANK PROTECTION - 1968,1976 ACTS	LA	58,900	46,448	0	12,452
NCE	GREAT LAKES CONNECT.CHANLS,MI 1946, 54 ACTS	MI	144,000	129,727	0	14,273
LMS	MISS R BTW MO R & MINN IL,MN 1930,35 ACTS	MO	37,400	28,075	0	9,325
NCB	IRONDEQUOIT BAY,NY 1958 ACT	NY	3,250	840	0	2,410
SAW	AIWW MASONBORO INLET,NC 1950 ACT	NC	10,300	8,100	0	2,200
ORH	WILLOW ISLAND LOCKS +DAM, OHIO RIVER	OH	78,100	76,421	0	1,679
NAP	DEL RIV PHILA-TO-SEA ANCHOR.,PA,NJ 1958 ACT	PA	41,900	8,807	0	33,093
SWG	MOUTH OF COLORADO RIVER, TX 1968 ACT	TX	29,900	3,520	0	26,380
SWG	TEXAS CITY CHAN INDUS CANAL,TX SEC 201, 1972	TX	11,175	8,537	0	2,638
SWG	WALLISVILLE LAKE TRINITY RIV 1962 ACT NAV	TX	28,800	24,520	0	4,280

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONTINUING CONSTRUCTION

(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	NAVIGATION					
NAO	HAMPTON ROADS,VA 1965 ACT	VA	41,800	27,331	0	14,469
NCE	KENOSHA HARBOR,WI 1962 ACT	WI	539	300	0	239
	SUBTOTAL 24 PROJECTS		1,589,046	1,258,110	0	330,936
	BEACH EROSION CONTROL					
SPL	IMPERIAL BEACH,CA 1958 ACT	CA	2,900	875	0	2,025
SPL	SURFSIDE-SUNSET & NEWPORT BEACH,CA 1962 ACT	CA	24,500	6,214	0	18,286
SAJ	BREVARD COUNTY,FL 1968 ACT	FL	7,550	2,346	0	5,204
SAJ	DUVAL COUNTY,FL 1965 ACT	FL	10,500	5,679	0	4,821
SAJ	MULLET KEY, FL 1966 ACT	FL	960	436	0	524
SAJ	PINELLAS COUNTY-TREASURE ISL,FL 1966 ACT	FL	33,900	2,540	0	31,360
SAJ	VIRGINIA KEY & KEY BISCAYNE,FL 1962 ACT	FL	4,620	1,667	0	2,953
SAS	TYBEE ISLAND,GA SEC 201,AUTH 1971	GA	5,730	2,530	0	3,200
NAN	E ROCKAWAY INL-ROCKAWAY INL & JAMAICA BAY,NY	NY	23,100	15,470	0	7,630
NAN	FIRE ISLAND INLET-JONES INLET,NY 1962 ACT	NY	49,700	9,312	0	40,388
NED	CLIFF WALK NEWPORT 1965 ACT	RI	790	533	0	257
SAC	HUNTING ISLAND BEACH,SC 1965 ACT	SC	7,350	2,881	0	4,469
	SUBTOTAL 12 PROJECTS		171,600	50,483	0	121,117
	FLOOD CONTROL					
SPL	GILA RIV-CAMELSBACK RES SITE,AZ 1958 ACT	AZ	1,770	323	0	1,447
SPN	CORTE MADERA CREEK,CA 1962,66 ACTS	CA	10,200	7,000	0	3,200
SPK	SACRAMENTO RIVER FLOOD CONTROL PROJECT	CA	78,515	68,915	0	9,600

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONTINUING CONSTRUCTION

(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	FLOOD CONTROL					
SPK	SAC RIV CHICO LDG TO RED BLUFF,CA 1958,74 ACT	CA	12,900	5,645	0	7,255
SPL	SANTA PAULA CREEK,CA 1948 ACT	CA	38,200	4,591	0	33,609
SPL	SWEETWATER RIVER,CA 1968 ACT	CA	20,200	1,429	0	18,771
SPN	WILDCAT & SAN PABLO CRKS,CA SEC 201,AUTH 1976	CA	14,300	1,110	0	13,190
NCC	LITTLE CALUMET RIVER,IL 1974 ACT	IL	7,120	573	0	6,547
MRK	KANSAS CITY,KS 1962 MOD	KS	28,600	24,869	0	3,731
ORH	YATESVILLE LAKE, KY.	KY	96,700	13,044	0	83,656
NCE	BATTLE CREEK,MI 1954 ACT	MI	12,900	4,363	0	8,537
NCS	ROSEAU RIVER,MN 1965 ACT	MN	30,000	1,078	0	28,922
SAM	TALLAHALA CREEK LAKE,MS 1968 ACT	MS	102,000	3,946	0	98,054
NCB	ELLICOTT CREEK,NY 1970, 74 ACTS	NY	18,600	1,819	0	16,781
NAN	SOUTH ELLENVILLE,NY 1962 ACT	NY	6,680	300	0	6,380
SAW	CAROLINA BEACH HURR PROT,NC 1962 ACT	NC	11,600	8,073	0	3,527
NCB	CUYAHOGA RIVER BASIN,OH 1970 ACT	OH	20,300	1,257	0	19,043
SWT	CANDY LAKE, OK 1962 ACT	OK	34,700	4,950	0	29,750

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONTINUING CONSTRUCTION

(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	FLOOD CONTROL					
SWT	LUKFATA LAKE, OK 1958 ACT	OK	39,900	1,425	0	38,475
NPP	ELK CREEK LAKE, OR 1962 ACT	OR	140,000	10,318	0	137,682
ORP	CHARTIERS CREEK,PA 1965 ACT	PA	32,000	26,586	0	5,414
NAB	TIOGA-HAMMOND LAKES, PENNSYLVANIA	PA	192,700	185,930	0	6,770
SWG	BUFFALO BAYOU & TRIBS,TX 1938, 65 ACTS	TX	116,000	57,206	0	58,794
SWF	DUCK CREEK CHAN IMPR, TX 1965 ACT	TX	9,000	610	0	8,390
ORH	TUG & LEVISA FORKS,BIG SANDY RIVER	WV	704,000	12,500	0	691,500
NCS	LAFARGE LAKE & CHANNEL IMPRV.,WI 1962 ACT	WI	72,000	18,092	0	53,908
	SUBTOTAL 26 PROJECTS		1,859,685	466,752	0	1,392,933
	MULTIPLE PURPOSE POWER					
NPA	SNETTISHAM POWER PROJECT,AK 1962 ACT	AK	153,000	83,383	0	69,617
SAM	SPEWRELL BLUFF LAKE GA 1963 ACT	GA	360,000	2,170	0	357,830
SAM	WEST POINT LAKE GA & ALA 1962 ACT	GA	132,500	129,846	0	2,654
	SUBTOTAL 3 PROJECTS		645,500	215,399	0	430,101
	GRAND TOTAL 65 PROJECTS		4,265,831	1,990,744	0	2,275,087

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - REIMBURSEMENT PROJECT

(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	BEACH EROSION CONTROL					
NED	SILVER BEACH TO CEDAR BEACH,CT 1954 ACT REIMB	CT	225	63	0	162
SAJ	BROWARD CO,FL 1965 ACT - REIMB	FL	9,500	5,703	0	3,797
SAJ	FORT PIERCE BEACH,FL 1965, 68 ACT-REIMB	FL	3,100	1,175	0	1,925
SAJ	PALM BEACH COUNTY,FL 1962 ACT - REIMB	FL	4,810	1,831	0	2,979
NED	NORTH SCITUATE BEACH,MA 1960 ACT (REIMB)	MA	250	107	0	143
NED	PLYMOUTHTOWN BEACH,MA 1960 ACT (REIMB)	MA	250	6	0	244
NED	TOWN NECK BEACH,MA 1960 ACT (REIMB)	MA	600	0	0	600
NED	WINTHROP BEACH,MA 1960 ACT (REIMB)	MA	575	177	0	398
NED	HAMPTON BEACH,NH 1962 ACT (REIMB)	NH	1,600	261	0	1,339
NAN	PERTH AMBOY,NJ 1965 ACT - REIMB	NJ	82	0	0	82
NAP	STONE HARBOR,NJ 1960 ACT - REIMB	NJ	555	0	0	555
SAW	FORT MACON STATE PARK,NC 1962 ACT - REIMB	NC	1,610	620	0	990
SAJ	SAN JUAN & VIC,PR 1962 ACT -REIMB	PR	900	0	0	900
	SUBTOTAL 13 PROJECTS		24,057	9,943	0	14,114
	FLOOD CONTROL					
NAN	RARITAN & SANDY HOOK BAYS NJ 1962 ACT	NJ	8,960	7,793	0	1,167
	SUBTOTAL 1 PROJECTS		8,960	7,793	0	1,167
	GRAND TOTAL 14 PROJECTS		33,017	17,736	0	15,281

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
MISSISSIPPI RIVER & TRIBUTARIES AE&D FULLY FUNDED
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	FLOOD CONTROL					
LMM	BIG CREEK & TRIBS LOWER WHITE RIVER AR	AR	29,898	365	0	29,533
	SUBTOTAL 1 PROJECTS		29,898	365	0	29,533
	GRAND TOTAL 1 PROJECTS		29,898	365	0	29,533

CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
MISSISSIPPI RIVER & TRIBUTARIES CONTINUING AE&D NOT IN BUDGET
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	NAVIGATION					
LMK	GREENVILLE HARBOR MS 1974 ACT (PHII)	MS	25,000	619	0	24,381
	SUBTOTAL 1 PROJECTS		25,000	619	0	24,381
	FLOOD CONTROL					
LMK	BUSHLEY BAYOU LA 1974 ACT (PHII)	LA	37,400	370	0	37,030
LMN	EAST, RAPIDES-SO CEN AVOYELLES PAR.,LA 1970	LA	53,700	1,001	0	52,699
LMN	MISSISSIPPI DELTA REGION,LA 1965 ACT	LA	28,800	70	0	28,730
	SUBTOTAL 3 PROJECTS		119,900	1,441	0	118,459
	GRAND TOTAL 4 PROJECTS		144,900	2,060	0	142,840

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CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONSTRUCTION NOT STARTED
MISSISSIPPI RIVER & TRIBUTARIES AE&D NOT STARTED
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	FLOOD CONTROL					
LMK	MISS R E BANK VICKSBURG-YAZOO MS 1974(PHII)	MS	800	0	0	800
	SUBTOTAL 1 PROJECTS		800	0	0	800
	GRAND TOTAL 1 PROJECTS		800	0	0	800

CORPS OF ENGINEERS - CIVIL WORKS
NOT IN FY 1983 BUDGET - CONTINUING CONSTRUCTION
MISSISSIPPI RIVER & TRIBUTARIES
(THOUSANDS OF DOLLARS)

DIST	PROJECT NAME AND STATE		ESTIMATED FEDERAL COST	ALLOCATIONS THRU FY 1982	BUDGET FY 1983	BALANCE TO COMPLETE
	NAVIGATION					
LMM	CHANNEL IMPROVEMENT DREDGING-CONSTRUCTION	TN	229,700	56,352	0	173,348
	SUBTOTAL 1 PROJECTS		229,700	56,352	0	173,348
	FLOOD CONTROL					
LMM	CACHE BASIN AR 1950 ACT	AR	126,000	8,420	0	117,580
LMK	LOWER ARKANSAS RIVER, AR	AR	33,900	22,726	0	11,174
LMK	LOWER ARKANSAS RIVER, AR SOUTH BANK	AR	19,900	15,676	0	4,224
LMM	SECTION 6 LEVEES,AR,LA,IL,MS,MO	AR	4,000	3,745	0	255
LMK	TENSAS-NAT WILDLIFE REFUGE, LA	LA	40,000	200	0	39,800
LMK	GRENADA LAKE,MS - YAZOO BASIN	MS	49,400	46,636	0	2,764
LMK	MUDDY BAYOU CONT STRUCTURE,MS,YAZOO BASIN	MS	5,400	5,145	0	255
LMK	STREAMBANK EROSION CONTROL,MS,SEC 32,1974	MS	14,900	14,827	0	73
LMK	WILL M WHITTINGTON AUX CHAN,MS-YAZOO BASIN	MS	11,673	10,951	0	722
	SUBTOTAL 9 PROJECTS		305,173	128,326	0	176,847
	GRAND TOTAL 10 PROJECTS		534,873	184,678	0	350,195

QUESTION 10: Please list those construction projects included in the Corps of Engineers' five-year and ten-year plans that you believe should be, and can be, initiated, if funds are available.

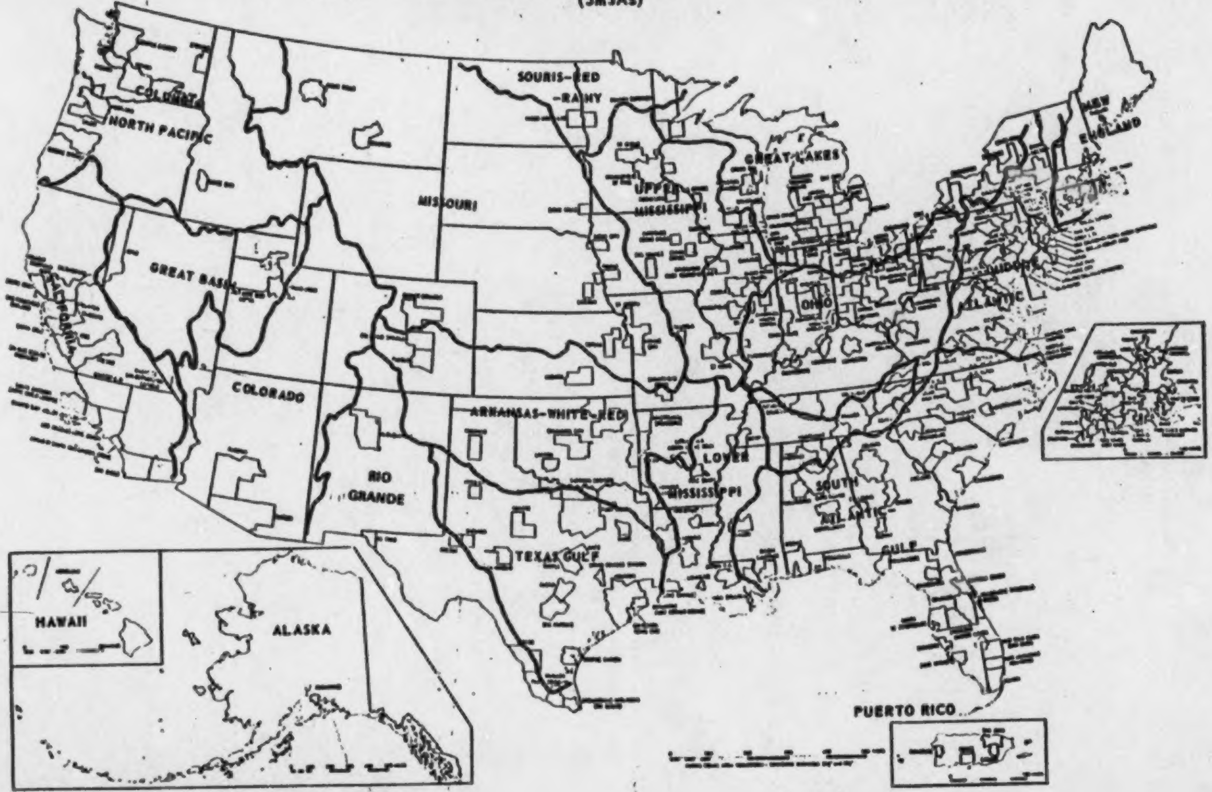
ANSWER: The Corps does not maintain a ten-year program, but the current five-year program follows:

FIVE-YEAR INVESTMENT PROGRAM

FY 1983 - 1987

The Five-Year Investment Program for this year is a listing, by Water Resources Regions, of all projects which could reasonably be expected to have preconstruction planning completed and be available as candidates for construction within the five year period FY 1983 to FY 1987, assuming necessary funding and project authorization. The listing shows the total project cost, the benefit-cost ratio at the applicable discount rate, and a symbol indicating the current status of the project with regard to funding. A footnote on the last page explains the meanings of the status symbols. While the listing indicates the potential of a project as a candidate for a new construction start in the next five years, its inclusion in this list in no way guarantees its eventual construction. All eligible projects receive considerable review and must meet all current legal and institutional criteria for selection. Given the current trend in budget restrictions, we would expect that only a fraction of these projects will actually be funded for initiation of construction in the next five years, and then, only where the project sponsors agree to cost share and provide upfront financing in accordance with the current objectives of the Administration. At this time, the Department of the Army is working with sponsors of at least 12 projects with the aim of recommending a FY 1983 budget amendment for those new starts which meet the financing objectives.

CORPS OF ENGINEERS WATER RESOURCE REGIONS IN RELATION TO
STANDARD METROPOLITAN STATISTICAL AREAS
(SMSAs)



WATER RESOURCE REGIONS DEFINED BY WATER RESOURCES COUNCIL, 1970
SMSAs DEFINED BY OFFICE OF MANAGEMENT AND BUDGET, AUGUST 1973

DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
FY 1983-87 WATER RESOURCE INVESTMENT PROGRAM

Project Status 1/ / 2/	Region/Project	Benefit-Cost Ratio 3/	Total Project Cost ($000) 4/
	NEW ENGLAND		135,200
PL	Big River Reservoir, RI	1.12	34,700
CP	Bristol Harbor, RI.	2.10	6,000
PN	Ipswich River, MA	0.86	3,070
AC	Jonesport Harbor, ME	1.60	10,900
PL	Leominster, MA	0.92	8,180
AP	Nantasket Beach, MA	1.30	6,700
PL	New Haven Harbor, CT	1.70	25,850
	New London Harbor, CT	NA	NA
UP	North Nashua River, MA	NA	NA
PL	Town Brook, Quincy, MA	1.40	22,000
PP	Whitmanville Lake, MA	1.50	17,800
	MIDDLE ATLANTIC		1,819,595
AC	Ardsley, NY	1.12	3,750
PL	Atlantic Coast of Maryland, MD	1.90	31,000
AC	Baltimore Harbor and Channels (50-foot), MD and VA	5.30	337,560
PL	Barnegat Inlet, NJ (Phase I)	1.50	34,600 (350)
UP	Cape May Inlet to Lower Township, NJ (Phase I)	1.60	14,200 (530)
UP	Delaware Coast, DE.	2.60	56,100
AP	Delaware River, Philadephia, PA to the Sea, Anchorage, PA, NJ, and DE	NA	25,000
AP	Delaware River, Philadelphia, PA to Trenton (Tioga Terminal), PA and NJ	14.00	1,790
UP	Delaware River, in the Vicinity of Camden, NJ	11.80	5,080
PC	Elmsford and Greensburg, NY	1.73	6,890
UP	Francis E. Walter Dam Modification, PA.	1.30	74,800
PL	Kill Van Kull & Newark Bay Channels, NY & NJ	7.00	182,000

Project Status1/ 2/	Region/Project	Benefit-Cost Ratio 3/	Total Project Cost ($000) 4/	
AC	Liberty State Park Levee and Seawall, NJ	NA 5/	34,900	
PL	Lock Haven, PA (Phase I)	0.93	69,800	(931)
UP	Norfolk Harbor, VA	3.50	480,000	
AP	Ocean City Harbor and Inlet, MD	3.20	830	
UP	Passaic River, NJ (Phase I)	NA	NA	
AP	Prompton Lake, PA (Modification)	1.00	42,150	
AC	Richmond Filtration Plant, VA	1.30	12,955	
PL	Richmond, VA (Phase I)	1.10	88,700	(803)
UP	Susquehanna Basin at Harrisburg, PA	1.50	117,000	
PP	Tamaqua, PA	1.10	8,100	
UP	Virginia Beach Streams Canal No. 2, VA	1.02	5,390	
PL	Wyoming Valley, PA (Phase I)	0.97	187,000	(1,445)
	SOUTH ATLANTIC-GULF		1,937,200	
PL	Charleston Harbor, SC (Phase I)	2.10	70,730	(1,100)
NA	Charleston Harbor, Wando River, SC	2.40	3,309	
CP	Coosa River, Montgomery to Gadsden, AL	0.40	1,133,000	
PL	Folly Beach, SC	2.00	3,090	
AC	Fort Fisher, NC	1.40	8,300	
PL	Lake Lanier Reregulation Dam, GA	1.80	21,800	
PC	Manatee County, FL	1.80	11,517	
CP	Manatee Harbor, FL	10.20	10,764	
UP	Mobile Harbor Deepening, AL	1.50	407,016	
PL	Oates Creek, GA	2.20	11,710	
PL	Panama City Beaches, FL	3.10	59,403	
AC	Randleman Lake, NC	1.60	109,000	
UP	Savannah Harbor (Widening), GA	1.20	16,504	
**	Sowashee Creek , MS (Phase I)	1.50	17,800	(667)
AP	Tampa Harbor Branch Channels, FL.	1.50	44,922	
PL	Wilmington Harbor-Northeast Cape Fear River, NC	2.50	8,335	
	GREAT LAKES		349,624	
AC	Beaver Bay Harbor, MN	NA	2,928	
PN	Black River Harbor, Alcona County, MI	1.01	3,145	
PL	Cazenovia Creek, NY	1.30	2,550	
AC	Cedar River Harbor, MI	3.00	1,556	
CP	Cross Village Harbor, MI	1.24	5,665	
AC	Dansville, NY	1.17	944	
PN	Forestville Harbor, MI	1.11	4,360	
UP	Geneva-on-the-Lake, OH	1.60	5,750	
PL	Grand Haven Harbor, MI	1.40	14,290	
AC	Green Bay Harbor, WI	3.40	13,970	
AP	Holland Harbor, MI	1.40	2,900	
AC	Knife River Harbor, MN.	NA	1,783	

Project Status 1/ 2/	Region/Project	Benefit-Cost Ratio 3/	Total Project Cost ($000) 4/
**	Little Calumet River, IN (Phase I)	2.40	118,200 (2,673)
AC	Lutsen Harbor, MN	NA	7,476
AP	Middle Channel, MI	NA	720
PL	Monroe Harbor, MI	4.10	122,070
AP	Port Bay Harbor, NY	1.19	6,260
AC	Port Ontario Small Boat Harbor, NY	NA	5,017
**	Presque Isle, PA (Phase I)	2.10	24,000 (1,100)
UP	Reno Beach-Howard Farms, OH	5.90	6,040
	OHIO		480,161
UP	Gallipolis Locks and Dam, WV (Phase I)	12.00	299,300
UP	Killbuck, OH	1.10	6,379
UP	Logan, OH	1.50	6,284
UP	Mansfield, OH	2.70	4,173
PP	Nelsonville, OH	1.02	6,400
AP	North Chillicothe, OH	1.80	9,780
AP	Russell and Allison Levee, IL	1.10	18,100
PL	Saw Mill Run, PA	1.16	6,645
AP	South Frankfort, KY	1.40	4,900
AP	Summersville Hydro, WV.	1.50	111,000
PP	Vincennes, IN	1.70	7,000
	UPPER MISSISSIPPI		6,105,665
PN	Angler Use Sites, MO	0.49	4,080
CP	Bassett Creek, MN	1.15	17,300
UP	Chaska, MN	1.17	19,280
**	Chicagoland Underflow Plan, IL (Phase I)	1.24	5,480,000
AC	Davenport, IA	1.12	36,690
AC	Eldred and Spankey Drainage and Levee District, IL	2.40	12,810
AP	Fort Chartres and Ivy Landing Drainage District No. 5, and Stringtown Drainage and Levee District No. 4, IL	0.96	7,356
PL	Green Bay Levee & Drainage District No. 2, IA	1.20	5,480
AP	Harriet Island Harbor, MN	5.00	669
CP	Hartwell Drainage and Levee District, IL	1.19	11,720
UP	Hillview Drainage and Levee District, IL	1.40	11,805
PL	Houston (Root River), MN	1.90	6,620
PL	Loves Park, IL	1.11	25,180
UP	Meredosia, IL and Meredosia, Willow Creek and Coon Run Drainage and Levee District, IL	1.40	11,080

Project Status1/ 2/	Region/Project	Benefit-Cost Ratio 3/	Total Project Cost ($000) 4/
UP	Meredosia Lake and Willow Creek Drainage and Levee District, IL	1.04	9,105
PP	Mississippi River Agricultural Area No. 12, MO	0.98	4,416
CP	Moline, IL	1.16	21,310
AP	Muscatine Island Levee District and Muscatine-Louisa County Drainage District No. 13, IA	2.10	13,760
PP	Kutwood Drainage and Levee District, IL	2.30	9,190
PP	Pine Ford Lake, MO	1.03	133,000
PL	Redwood River Below Marshall, MN.	1.50	3,370
UP	Rochester, MN (Phase I)	1.10	80,200 (457)
UP	Rock River Agricultural Levees, IL	1.90	38,000
AC	Savanna Small Boat Harbor, IL	1.70	504
UP	State Road and Ebner Coulees, WI	1.30	22,480
AC	Sny Island Levee and Drainage District, IL	NA	2,150
PC	Union Lake, MO	0.95	106,000
PL	West Des Moines, IA	1.80	12,110
	LOWER MISSISSIPPI		710,012
PP	Big Creek and Tributaries, AR (MR&T)	1.60	40,542
PA	Bushley Bayou, LA (MR&T) (Phase I)	1.15	40,400 (360)
PL	Eight Mile Creek, AR (MR&T)	1.60	12,328
PA	Greenville Harbor, MS (MR&T) (Phase I)	8.0	38,200 (250)
AC	Harris Fork Creek, TN & KY (MR&T)	1.10	8,940 (319)
PL	Helena Harbor, AR (MR&T)	1.60	49,800
PL	Horn Lake Creek & Tribs., Incl. Cow Pen Creek, MS & TN (MR&T) (Phase I)	1.80	3,210 (615)
NA	Lake Pontchartrain North Shore, LA	4.60	1,114 (170)
UP	L'Anguille River Basin, AR (MR&T)	1.30	22,600
PL	Memphis Harbor, TN (MR&T)	4.20	100,508
UP	Mississippi River, East Bank Levees, Vicksburg-Yazoo Area, MS (MR&T) (Phase I)	0.82	28,400 (345)
PL	Nonconnah Creek, TN & MS (MR&T) (PhaseI)	1.80	131,700 (1,020)
**	Petit Anse, Tigre and Carlin Bayous, LA	0.93	5,910
AP	St. Johns Bayou, New Madrid Floodway, MO (MR&T) (Phase I)	1.30	98,000 (740)
AC	Tensas River National Wildlife Refuge, LA (MR&T)	NA	40,000 6/
PL	Vicksburg Harbor, MS (MR&T)	2.30	64,000 (550)
PA	White River Navigation-Mouth to Batesville, AR	1.20	24,360

Project Status1/ 2/	Region/Project	Benefit-Cost Ratio 3/	Total Project Cost ($000) 4/	
	SOURIS-RED-RAINY		214,630	
PC	Burlington Dam, ND	1.50	124,000	
AP	Grafton, ND (Phase I)	2.00	19,130	(825)
**	Pembina River, ND (Phase I)	1.20	40,500	(1,480)
PC	Twin Valley Lake, MN	1.01	31,000	
	MISSOURI		252,260	
NA	Brush Creek, MO	1.30	13,800	
AP	Lower Grand River, MO	1.30	33,600	
AP	Melvern and Pomona Lakes (Road Improvement), KS	NA	500	
PC	Miles City, MT	0.92	5,880	
AC	Missouri National Recreation River, NE and SD	NA	21,000	
PP	Onaga Lake, KS	1.80	95,300	
NA	Perry Creek, IA	1.20	28,200	
AP	Springfield Water Intake, SD	NA	2,190	
AP	Tuttle Creek Lake, Road and Bridge (1976 Act), KS	NA	630	
AC	Tuttle Creek Lake, Road Improvement (1974 Act), KS	NA	500	
**	Wears Creek, MO (Phase I)	NA	44,300	(50)
NA	Westerly Creek, CO	1.60	6,360	

Project Status1/ 2/	Region/Project	Benefit-Cost Ratio 3/	Total Project Cost ($000) 4/	
	ARKANSAS-WHITE-RED		2,145,670	
UP	Arkansas River Basin Chloride Control, OK, TX KS,	0.25	881,800	
PL	Arkansas River & Tribs. (Hydropower and Other Purposes) Murray L&D 7, AR	1.34	82,000	
PL	Arkansas River & Tribs. (Hydropower & Other Purposes) W.D. Mayo L&D 14, OK	1.40	99,200	
UP	Arkansas River - Great Bend to Tulsa at Halstead, KS	1.14	6,900	
UP	Big and Little Sallisaw Creeks, OK	1.50	3,800	
AC	Big Pine Lake, TX	0.98	86,000	
NA	Brewster to Florence, CO, Arkansas River & Tribs. above John Martin Dam (Phase I).	0.80	2,070	(421)
AP	Douglass Lake, KS	1.00	71,900	
**	Florence, CO Arkansas River & Tribs. above John Martin Dam (Phase I)	1.15	12,370	(554)
UP	Ft. Gibson Lake Power Units 5 and 6, OK	1.50	21,700	
**	Fountain Creek, CO, Arkansas River & Tribs. above John Martin Dam	1.20	7,100	
**	Fourche Bayou in the Vicinity of Little Rock, AR	2.20	26,500	
UP	Lake Texoma Perimeter Access Roads, TX	NA	3,000	
UP	Lake Wichita, Holiday Creek, at Wichita Falls, TX	1.80	23,400	
UP	Norfork Lake, Power Units 3 and 4, AR	1.07	35,300	
PL	Parker Lake, OK	1.20	37,500	
PC	Pine Mountain Lake, AR & TX	1.30	63,600	
NA	Portland, CO - Arkansas River & Tribs. above John Martin Dam	1.17	1,600	
UP	Prosperity Lake, MO (Phase I)	0.36	47,300	(858)
NA	Pueblo, CO -Arkansas River & Tribs. above John Martin Dam	0.51	430	
PC	Red River Basin Chloride Control, OK	1.60	185,000	
PL	Red River Waterway, Index to Denison Dam, AR, LA & TX	1.60	260,000	
PN	Sand Lake, OK	1.60	26,900	
PC	Shidler Lake, OK	1.90	46,500	
PL	Verdigris River, Mingo Creek, KS & OK	2.80	107,000	
CP	West Agurs Levee, LA	1.16	800	
AP	White River Fish Hatchery, AR	NA	6,000	
	TEXAS-GULF		2,147,471	
UP	Big Sandy Lake, TX	1.07	99,100	
AP	Brazos Island Harbor (42-Foot Project), TX	2.00	22,729	
UP	Brazos Natural Salt Pollution Control, TX (Phase I)	1.30	107,000	(1,800)
UP	Clear Creek, TX	2.90	80,177	
PP	Elm Fork Floodway, TX	1.70	125,000	

Project Status1/ 2/	Region/Project	Benefit-Cost Ratio 3/	Total Project Cost ($000) 4/
AC	Freeport Harbor, TX (1970 Act)	6.00	76,967
UP	Lower Rio Grande Basin, TX (Phase I) . . .	2.10	163,730 (1,370)
UP	Millican Lake, TX	1.90	264,000
AC	Navarro Mills Lake, TX Road Relocation . .	NA	3,400
UP	Neches River and Tributaries, Salt Water Barrier at Beaumont, TX	1.80	31,808
PN	Pecan Bayou Lake, TX	1.10	43,100
UP	Trinity River, TX	1.50	1,053,000
UP	Upper White Oak Bayou, Vicinity of Houston, TX	1.60	77,460
	RIO GRANDE		85,300
UP	Rio Grande Floodway, Truth or Consequences Unit, NM	NA	NA
-	Rio Grande & Tribs. (Middle Rio Grande), Bernalillo to Belen, NM	1.40	37,600
**	Rio Grande & Tribs. (Rio Puerco & Rio Salado), NM (Phase I)	1.70	47,700 (1,930)
UP	Santa Fe River and Arroyo Mascaras, NM . . .	NA	NA
	COLORADO		12,623
UP	Holbrook, Little Colorado River, AZ . . .	2.00	9,790
PL	Puerco River, NM	1.70	2,833
	GREAT BASIN		133,932
UP	Humbolt River and Tributaries, NV	1.30	36,162
AC	Little Dell Lake, UT	1.70	81,970
NA	Truckee Meadows, NV	1.80	15,800
	COLUMBIA-NORTH PACIFIC		1,112,560
CP	Blair and Sitcum Waterways, WA	2.50	28,300
UP	Bonneville New Lock, OR	1.30	167,000
AC	Bonneville Power Units, OR & WA	2.70	27,900
PL	Chehalis River at South Aberdeen, WA . . .	1.00	18,200
CA	Chetco River, OR	1.11	8,240
PL	Grays Harbor Deepening, WA	1.90	82,800
CP	Johnson Creek, OR	1.82	5,020
PL	Little Wood River in the Vicinity of Gooding and Shoshone, ID	2.50	3,500
CP	McNary 2nd Powerhouse, OR and WA (Phase I)	1.40	562,000 (3,500)
AP	Peninsula Drainage District No. 2, OR . .	5.30	5,670
AC	Siuslaw River and Bar, OR	1.04	33,500

Project Status1/ 2/	Region/Project	Benefit-Cost Ratio 3/	Total Project Cost ($000) 4/
AC	Strube Lake and Cougar Additional Unit, OR	2.36	106,000
PP	Wenatchee Canyon, WA	0.87	37,500
PL	Wynoochee Hydro & Fish, WA	2.20	18,780
PL	Yakima River, Union Gap, WA	1.20	8,150
	CALIFORNIA		2,126,865
AC	Bodega Bay, CA	2.20	4,615
PL	Cache Creek, CA	1.90	27,000
UP7/	Cottonwood Creek, CA	1.30	458,000
UP	Fisherman's Wharf Area, San Francisco Harbor, CA	1.30	15,800
UP	Goleta and Vicinity, CA	1.04	54,180
AC7/	Merced County Streams, CA	1.05	101,800
NA	Moss Landing Harbor, CA	1.30	3,200
UP	Noyo River and Harbor, (Channel Extension) CA	1.30	1,790
CP	Oakland Outer Harbor (Deepening), CA	2.70	37,800
NA	Oceanside Harbor, CA	2.00	9,500
UP	Pajaro River, CA	3.00	3,780
UP	Redbank and Fancher Creeks, CA	1.30	72,600
PL	Richmond Harbor, CA	2.30	37,800
UP	Sacramento River Deep Water Ship Channel, CA	2.40	90,800
NA	San Diego County, Vicinity of Oceanside, CA	1.00	13,800
CP	San Luis Rey River, CA	1.11	34,400
UP	Santa Ana River, CA (Phase I)	1.90	1,160,000
	ALASKA		233,100
CP	Bradley Lake, AK	2.60	210,000
AC	Kake Harbor, AK	1.60	10,500
PL	Kodiak Harbor, AK	2.10	12,600
	HAWAII		44,761
PL	Agana River, Guam	1.40	8,170
AC	Kahoma Stream Flood Control, HI	1.60	20,000
PC	Kaunakakai Small Boat Harbor, HI	3.00	2,170
PC	Kawaihae Small Boat Harbor, HI	2.60	2,590
PC	Kikiaola Small Boat Harbor, HI	2.20	2,090
PC	Maalaea Small Boat Harbor, HI	3.30	5,660
PL	Lava Flow Control, HI	9.00	4,081
	PUERTO RICO AND VIRGIN ISLANDS		82,454
AC	Ponce Harbor, PR	7.80	9,860
PL	San Juan Harbor, PR (Phase I)	6.00	66,304 (500)
AP	San Juan, PR	2.40	6,290
	THE NATION		20,129,083

FOOTNOTES

1/ The project status represents the status as of December 1981.

2/ Status Code description

Symbol	Description
PROJECTS WITH PLANNING & ENGINEERING COMPLETELY FUNDED IN FY 1982	
AC	Available for initiation of construction in Fiscal Year 1983.
CA	Available for initiation of construction in Fiscal Year 1983 subject to approval of Secretary of the Army, the President, and/or authorization by Congress.
PC	Not available for initiation for construction in Fiscal Year 1983.
LA	Funded for land acquisition and available for initiation of construction in Fiscal Year 1983.
LN	Funded for land acquisition and not available for initiation of construction in Fiscal Year 1983.
PROJECTS WITH INITIAL PLANNING & ENGINEERING NOT YET FUNDED IN FY 1982	
NA	Unauthorized and not available for initiation of planning and engineering in Fiscal Year 1983.
PL	Available for initiation of planning and engineering in Fiscal Year 1983, but not yet authorized for construction.
AP	Available for initiation of planning and engineering in Fiscal Year 1983 (projects authorized for construction).
PA	Available for initiation of planning and engineering or Legislative Phase I planning in Fiscal Year 1983 subject to submission of a report to the Secretary of the Army by the Chief of Engineers and notification to Congress of the Chief's approval as required by the Water Resource Development Act of 1976.
FI	Available for initiation of Phase I planning in Fiscal Year 1983. (Projects specifically authorized for Phase I planning only.)
**	Legislative Phase I Planning initiated but not available for Phase II.
PN	Authorized but not available for initiation of planning and engineering or Legislative Phase I planning in Fiscal Year 1983.

PROJECTS WITH PREVIOUS PLANNING AND ENGINEERING FUNDS

UP	Available for continuation of planning and engineering funding in Fiscal Year 1983.
CP	Available for completion of planning and engineering funding in Fiscal Year 1983.
PP	Not available for continued planning and engineering funding in Fiscal Year 1983.

PROJECTS BUDGETED FOR INITIATION OF PLANNING AND ENGINEERING OR CONSTRUCTION IN FISCAL YEAR 1983

BC	Budgeted for initiation of construction in Fiscal Year 1983.
BP	Budgeted for initiation of planning and engineering in Fiscal Year 1983.

3/ Benefit-cost ratios are based on the applicable discount rate, usually 3 1/4 % or 7 5/8%.

4/ Figures in ( ) are cost of Phase I AE&D for projects authorized for Phase I AE&D only. All costs are total project costs (Federal and non-Federal), are at 1 October 1981 price level and do not include the effect of future inflation.

5/ Authorized in 1976 Water Resources Development Act without Corps of Engineers Report. Benefits not yet developed.

6/ This mitigation project involves the purchase of approximately 50,000 acres of land. Total project cost is $50 million, of which the Corps' share is $40 million and Department of Interior's share is $10 million.

7/ Construction of this project shall not be initiated until approved by the Secretary of the Army and the President as required by the River and Harbor Act of 1970.

QUESTION 11: How much will be *spent in the Fiscal Year 1983* budget for what the Corps would describe as environmental protection purposes (including both the preparation of environmental impact statements and actual implementation of environmental protection activities)? Please break this down into such items as wildlife mitigation and other aspects.

ANSWER: The Corps does not collect budgetary information broken down between environmental protection and other purposes; however, based on estimates made for the Fiscal Year 1982 budget, and using similar relationships to the current budget request, we estimate the Fiscal Year 1983 budget would include about $175 million for such purposes. We estimate the breakout as follows:

CORPS OF ENGINEERS
ESTIMATED ENVIRONMENTAL PROTECTION COSTS
IN THE FY 1983 BUDGET REQUEST
(Dollars in Millions)

Category	Total Costs
Cultural Resource Protection	9
(Includes Archeological & Historical Studies)	
Fish and Wildlife Mitigation	43
Sanitary Facilities	1
Aquatic Plant Control Program	8
Regulatory Functions	20
Diked Disposal	24
Prep. of EIS's, Other Env. Doc.	21
Water Quality Features	31
Other Environmental Protection Costs	18
Total Environmental Protection	175

Question 12. What is the status and scheduled completion date of the study to expand the size of the Warrior-Tombigbee Waterway south of Demopolis, Alabama? What is the impact on the study of the Levin Amendment adopted by the Senate during the Tennessee-Tombigbee debate? Has the amendment altered in any way the study or its time table? If so, please explain.

Answer. The study related to widening of the Black Warrior-Tombigbee Waterway south of Demopolis, Alabama, from the authorized 9 x 200 ft. channel to 9 x 300 ft. channel and provision of duplicate locks at Coffeeville and Demopolis, has been deleted. Accordingly, the Fiscal Year 1982 work allowance has been reduced by $226,000 from a conference amount of $958,000, and the remaining $732,000 will be used to investigate replacement of William Bacon Oliver Lock and Dam at Tuscaloosa, and to investigate hydropower capability at Coffeeville, Warrior, and Oliver Locks and Dams.

QUESTION 1. How much is being spent during FY 1982 on inland and coastal navigation maintenance work? How does that compare (both in dollars and work to be accomplished) with the sum actually requested in the FY 1983 budget, and the $150 million in cuts?

ANSWER. In 1982, the Corps of Engineers will spend about $565 million to operate and maintain the nation's waterways and harbors. The President's budget for FY 1983 contains a request for $465 million for both shallow draft and deep draft navigation operation and maintenance. With the reduction, the Corps will have to restrict its navigation maintenance work to the highest priority operations.

About 35 low volume inland waterways are expected to close, and about 13 moderate volume waterways will experience reduced hours of operation. About 40 high cost-low tonnage commercial ports will not be dredged.

QUESTION 2. The $150 million cut in navigation maintenance represents approximately a quarter of the navigation maintenance budget. Yet because the cut is to be made in the lesser-used waterways and harbors, the reduction would appear to affect a somewhat smaller percentage of the inland and deep-draft traffic. Would you give us an estimate of the percentage of the traffic affected?

ANSWER. Without restoration of the $150 million reduction in navigation maintenance it is estimated that eight percent of the total commerce tonnage will be affected.

QUESTION 3: The Budget calls for construction work on a total of 159 projects, with 26 to be completed. Could you tell us how many Corps construction projects were in the Budget five, ten, and twenty years ago?

ANSWER: The Corps 1978 Budget contained 219 construction projects, the 1973 Budget contained 253, and the 1963 Budget contained 251.

QUESTION 4: At present trends, without any new starts, what is the expected size of the Corps construction program -- in number of projects and current dollars -- five years from now?

ANSWER: Our projections based on the schedules in the budget justification sheets would indicate 76 projects would be in the budget after FY 1987. It is difficult to say what the requirements would be for those projects because we could have inflation, but they would be down. I should point out, however, that this assumes the traditional way of financing Civil Works projects. It is our hope that we can put a lot more projects together using innovative financing and thus spread the Federal dollar a lot further. So it is our hope that prognostications regarding diminished numbers of projects in the outyears will not come about.

QUESTION 5: Your budget contemplates a phase-out of work on the Red River project, the Tug Fork project and others. Your statement very thoroughly explains the reason for deferring work on Tug Fork. What is the reason the other projects are being phased-out? What would be the dollar cost during each of the next five years if these projects were funded at full capability?

ANSWER: First of all, it is not our intention that further commitments to construction on these projects be postponed necessarily indefinitely. Because these projects do raise important program and/or budget policy issues, however, I believe the further consideration by Congress of these policy issues is appropriate. Our position with respect to Tug Fork thus is not to phase it out but, instead, to focus on reasonable elements of the project which are acceptable to the local people, and which can be constructed with such funds as appear likely to be made available through the budget process. A summary of our position on the remaining 5 projects is as follows:

Red River: We plan on completing Lock and Dam No. 1, and $30 million is included in the FY 1983 budget for this purpose. The remainder of the project is being reviewed with the possibility of incorporating hydropower at Locks and Dams 2-5. Since the project, as presently formulated, is estimated to cost some $1.3 billion to construct, considering hydropower would be in line with our efforts to put priority on those projects where benefits can be added to help offset costs.

Snettisham: This is an attractive project on which we feel we should start construction at an early date. We are using the $2 million designated for the project in FY 1982 to continue engineering and design. Non-Federal interests are being approached to determine whether they would be willing to provide upfront financing for this project. If this could be worked out, the amount of actual Corps construction would be enlarged during this time of budget stringency.

Yatesville: This project was originally intended as a flood control project. However, only about one-fourth of the project benefits appear to be for flood control, with the remainder for recreation and water quality control. The project as now formulated would control a drainage area of 208 square miles, and only minor flood reductions in the Big Sandy River would result from construction of this project. Estimated reductions in flooding upon which the benefits were calculated would be provided along the Ohio River in the highly industrialized area downstream. However, at Ashland, Kentucky, which is the urban area on the Ohio downstream of its confluence with the Big Sandy, a high degree of flood protection already exists. Unless the project can be reformulated to provide a higher degree of flood control or other purposes which can be jointly participated in by local interests, it is extremely doubtful that the plan could fulfill local expectations on removing the hazard of serious floods.

San Jacinto: This project involves a $10.2 million repair of a 20-year-old local protection project, which is being maintained by local interests. A $2 million initial appropriation was made in this fiscal year and the FY 1983 budget recommends another $2 million to continue the repair work — this latter recommendation being premised on the assumption that local interests would consider it reasonable that they pay 25% or $2.6 million of the cost of the repair while the Federal Government pays 75% or $7.6 million of the cost. The Department of the Army believes it is appropriate for Congress to consider the broader program and budget implications of a policy to accept, in perpetuity, responsibility for 100% of construction repair costs which may be necessitated in local protection projects throughout the Nation as a result of deficiencies which may be perceived in the original design and/or construction of the project. With respect to San Jacinto, the specific situation is under review at this time, with a view to determining whether, in this instance, Federal responsibility should extend to the full costs of repair.

Tensas River Wildlife Refuge: We believe that a commitment to purchase 40,000 acres is premature since the acreage within the refuge was not derived directly from the site-specific mitigation needs for each project. However, once we have analyzed the appropriate mitigation requirements for work already under construction, we would provide for those mitigation needs using the $5 million appropriated in FY 1982.

In view of the fact that these projects raise important policy issues, no capabilities beyond the amounts contained in the President's budget have been approved.

QUESTION 6: Could you be a little more specific about the status of your negotiations to get some new starts in FY 1983? Have any local interests turned you down? With which groups are you still negotiating? When do you expect to have a decision? When do you expect to return for an appropriation? Will you need additional authorization?

ANSWER: 1. The status of our new starts program as of March 10, is shown in detail, project by project, on the attached report.

2. One local sponsor has rejected our proposal, and two have replied that they are unable to accept now; however, both are still working on the proposal.

3. We are working with the sponsors of at least 12 projects (that is, the original 12 plus the four possible additional projects); all are identified on the attached status report. Two projects are accepted as proposed, and we are working on letters of intent for both.

4. We expect to reach decisions on all the projects by April 1.

5. We will submit a request for a supplemental appropriation to OMB about April 1,

6. We may need additional authorization for some of the projects; our attorneys are working on that now and we will submit any legislation required to OMB early in April.

QUESTION 7: Your statement discusses a two phase planning program. You state that the second phase feasibility studies will be cost-shared with local project sponsors. What level of cost-sharing do you propose? Is a change in law necessary?

ANSWER: While the cost of the first phase, or recconnaissance study, would be borne entirely by the Federal Government, we propose that the costs of the second, or feasibility phase, would be shared on a 50/50 basis with local project sponsors. Up to one-half of the non-Federal share may be "in kind" services. We do not anticipate that a change in the law would be necessary.

QUESTIONS SUBMITTED BY SENATOR MURKOWSKI

DREDGING COSTS IN ALASKA

Question 1. The Administration has proposed significant reductions in the Operation and Maintenance budget of the Corps of Engineers. I believe it is a reduction of about $150 Million. This was done in an effort to force Congress to move on cost-recovery legislation.

However, as a result, a number of communities will be dropped from the O & M program. In Alaska the ports of Dillingham, Homer, and Ninilchik will not receive any funds for dredging. Dillingham I am told will close in one year; Ni nilchik at the most in three and Homer longer, if no dredging in done.

How did the Corps determine which ports to drop from the program?

Answer: The criteria used in selecting the projects were based on harbor depths and average cost of harbor maintenance per ton of seagoing commerce. No dredging would be accomplished at shallow draft harbors which are 14 feet or less in depth and no dredging or maintenance will be performed at deep draft harbors of over 14 feet in depth where maintenance costs exceed one dollar per ton of seagoing commerce.

QUESTION 2. I understand the criteria was to drop ports that cost more than a $1 per ton. Was any consideration given to the high expense, comparatively for work in Alaska versus the rest of the United States?

ANSWER: Adjustments were not made for regional variations in unit prices for maintenance costs.

QUESTION 3. Was any consideration given to the fact that in many ports there are no other transportation alternatives?

ANSWER: The availability of other modes of transportation was not a factor for consideration in our initial review.

QUESTION 4. The Corps has been instructed by a House Committee to re-evaluate the list of ports to be dropped.

What criteria will be used for this new list?

ANSWER: The same criteria used to develop the original list will be used in the reevaluation along with such additional considerations as the type and annual value of commerce involved; the number of jobs impacted; availability of alternate modes of transportation; and ongoing contracts. Other criteria may be applied during the review in the event other critical impacts become obvious. Any projects omitted earlier, due to oversight, will be added to the list. Shallow draft segments of deep draft harbors will also be examined.

SNETTISHAM DAM HYDROELECTRIC PROJECT, ALASKA

Question: I would like to know why the Corps of Engineers was prevented from proceeding with construction contracts?

Answer: The Corps of Engineers has had no plans to proceed with construction contracts in Fiscal Year 1982 and thus, as a practical matter, the Corps of Engineers is not being prevented at this time from awarding construction contracts. It is not until the third quarter of Fiscal Year 1983 that the Corps could award a significant construction contract.

Question: What is your ability for Fiscal Year 1983 for construction of this ongoing project? What is the total cost?

Answer: The total project cost is $153,000,000. The Fiscal Year 1983 capability is currently under review pending determination of upfront non-Federal financing.

Question: Is the project being held back because of the Corps' or the Administration's desire to find projects that they can turn over to the states?

Answer: The Administration supports construction of needed water projects by the Corps of Engineers and, given the budgetary outlook we definitely wish to afford states and other non-Federal interests the opportunity to provide upfront financing for sound projects such as the Snettisham Hydropower project. It is a possibility we feel we should explore in the interest of stretching the Federal Water project construction dollar as far as possible.

Question: Have your policy staff given any consideration to the difficulties in determining the cost and power marketing resulting form a confusing mix of state and Federal responsibilities?

Answer: The Corps of Engineers has had informal talks with the Alaska Power Administration which is responsible for the marketing of power produced from the Snettisham Project. Should upfront funding by the State of Alaska become available for use in construction, appropriate agreements would have to be executed prior to construction to define the State and Federal responsibilities. Considerable attention is being given this question since non-Federal interests may be willing to advance the funds for the construction of several Federal hydropower projects. We are confident that the necessary agreements can be accomplished.

BRADLEY LAKE HYDROELECTRIC PROJECT AGREEMENT

The State of Alaska has expressed their interest and has appropriated funds to illustrate their commitment to a proposal to help the Corps of Engineers finance the construction of the Bradley Lake Hydroelectric project near Homer, Alaska. The State is willing to provide full construction funding, I have been told, and draft agreements dealing with the construction costs and power marketing are being reviewed by the various State and Federal agencies.

QUESTION: 1. Are you aware of the proposed arrangements? What will be the Corps policies regarding the cooperative arrangement?

ANSWER: Yes, we are aware of the proposed arrangements. We are seeking, in the use of hydropower projects such as Bradley Lake, 100% non-Federal upfront financing of construction.

QUESTION: 2. If at all possible we would like to take advantage of this years construction season. Will the Corps be able to finalize their review and the agreement early this year?

ANSWER: We expect to reach decisions on all projects by April 1, in order to recommend a FY 1983 budget amendment for construction new starts. Toward that end, our agreement is being put together at this time for the Bradley Lake Project.

QUESTION: 3. It is my understanding that the Bradley Lake project is being considered by the Administration as an example of the Federal/State cooperative projects the Administration will propose as "new construction Starts."

ANSWER: Yes, Bradley Lake is one of several projects which we hope will go to construction in 1983 under the Army's upfront financing and cost sharing objectives. We share the state's desire to see construction begin in 1983 and see no insurmountable problem.

Port Lions Breakwater

QUESTION: The Corps of Engineers during the last construction season constructed a breakwater at Port Lions, Alaska. During a winter storm the uncompleted breakwater was damaged. The Corps of Engineers has surveyed the damage and estimated the cost of repair.

I should point out that the State of Alaska has begun a harbor expansion program, but I am quite adamant, that project is a separate activity.

It is my understanding that the Corps has not yet reprogrammed funds for repair of the Corps project. In fact, I have heard a request has been made to the State of Alaska to provide funds to the Corps to fulfill the Corps responsibility.

1. What is the estimated cost of repairs?

2. Has the Corps had any contact with the State of Alaska regarding this matter?

3. Will the Corps of Engineers be making a reprogramming request to fulfill the Corps responsibility?

ANSWER: The original breakwater was constructed under the Corps of Engineers small project program which has a ceiling of $2 million on Federal funds. Should there be a need to expand the breakwater structure, the local sponsor would be required to pay the costs above $2 million. However, all costs associated with repair of the existing structures would be borne by the Corps.

The Alaska District is conducting design studies including the use of a physical model to determine the wave climate at Port Lions Harbor and is evaluating various repair alternatives. Those studies are scheduled for review in May 1982 at which time an estimated cost of repair will be available. Present information indicates potential need for extending the breakwater beyond its original dimensions to provide adequate wave protection in the boat basin.

When the Alaska District's report on this matter is completed, the Office of the Chief of Engineers will review the recommendation and determine what degree of additional Federal participation in the remedy of the problem might be warranted.

The Alaska District has maintained close contact with state and local interests in the course of its ongoing investigation.

QUESTION SUBMITTED BY SENATOR DOMENICI

QUESTION: This Committee is greatly interested in the welfare of the farmer. The area of the Stonewall Jackson Dam in West Virginia is an area described by the Corps as prime producing farmland. As you know, I believe that more money is needed for water resource development in this country. But to accomplish this, I believe we must identify priority work.

I would like to know where you, Mr. Gianelli, would rank the Stonewall Jackson Dam in terms of the Administration's emphasis on hydroelectric work, navigation improvement, more state and local participation, sound project economics, with a de-emphasis on recreation. I would also like to know where you would rank this project in terms of our concerns with cost recovery, user fees, etc.

ANSWER: The Stonewall Jackson Lake project would provide flood control, water supply, water quality control, and recreation benefits. There is no hydropower generation nor navigation included in the authorized improvement. The level of local participation for the Stonewall Jackson Lake project is comparable to many other similar projects authorized at the same time. The authorization calls for 100 percent reimbursement for the water supply feature. The City of Weston, West Virginia, has provided assurances that it will enter into the necessary contractual requirements to reimburse the Federal Government for water supply. The project authorization also calls for the State to share 50 percent of the cost for development of project recreation facilities and bear 100 percent of the subsequent costs of operation and maintenance of such recreation development. The State of West Virginia has executed the necessary assurances and contracts.

If the project were being planned today for some future authorization, it is certain that different cost sharing would be recommended. Although a financing and cost sharing policy has not yet been adopted by the Administration for this type of project, there is no doubt the requirements would be higher.

We recently reviewed the Stonewall Jackson Lake project to determine whether project funding should continue to be recommended. The project would provide flood protection to communities along the West Fork River, meet the future water supply needs for the City of Weston, West Virginia, and provide significant benefits to the water quality in the West Fork River Basin by mitigation of extensive acid mine drainage. The project remains economically justified for construction after allowances for increased cost due to inflation and application of the interest rate currently specified for new project authorizations. Accordingly, we believe that continued funding of project construction is warranted.

STATEMENT OF DR. GARREY E. CARRUTHERS, ASSISTANT SECRETARY, LAND AND WATER RESOURCES, U.S. DEPARTMENT OF THE INTERIOR, BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS, SUBCOMMITTEE ON WATER RESOURCES

MARCH 2, 1982

Mr. Chairman, Members of the Committee:

I am pleased to be here today to discuss the President's budget requests relating to the programs of the Water Resources Council and the Office of Water Research and Technology. I am accompanied by Mr. Robert N. Broadbent, Commissioner, Bureau of Reclamation and Mr. Gary D. Cobb, Director, OWRT.

As you know, Mr. Chairman, the President's budget does not include funds for any WRC or OWRT programs for Fiscal Year 1983. The Administration's position remains unaltered concerning continuing the programs of WRC and OWRT in this time of fiscal austerity. The WRC's performance, organization, membership, and objectives have led to the failure of the agency to achieve the goals spelled out for it in the Water Resources Planning Act, P.L. 89-80. The Cabinet Council on Natural Resources and the Environment has elevated the position of Federal decisionmaking on national water policy and provides a more cost-effective forum.

Regarding the functions of Office of Water Research and Technology--the Secretary has repeatedly stated he believes the functions of OWRT are properly the responsibility of the States and private industry. Along with the right of the States to manage their own water resources goes the responsibility for leadership in water resources research.

Let me discuss these agencies in more detail. First, the Water Resources Council has developed a WRC FY 1982 operating program in a Management by Objectives format--this work plan provides for an orderly termination or transfer of WRC activities. Assets of five of the six Title II river basin commissions have been transferred to State-sponsored successor entities in accordance with Executive Order 12319. Assets of the New England River Basins Commission have been transferred to the New England/New York Water Council, New England Governors Conference. Those of the Great Lakes Basin Commission have been transferred to the Great Lakes Commission. Assets from the Upper Mississippi River Basin Commission have transferred to the Upper Mississippi River Basin Association. The Missouri Basin States Association has acquired the assets of the Missouri Basin Commission and the Ohio River Basin Commission has obtained the assets of its predecessor Title II of the same name. The Pacific Northwest River Basin Commission's asset distribution plan is at OMB pending resolution of an apparent overobligation of funds. The WRC authorization for appropriations has expired.

WRC is organizing for the orderly close out of its grant programs which assist in the development of the States' water resources planning and management capability. One-third of the States are still spending Fiscal Year 1981 grant funds because the 55 entities have a variety of grant close-out dates ranging from September 30, 1981, to September 30, 1982. All obligations of Federal funds will cease by September 30, 1982. The water resources planning programs are now well established in the States and indications are that most States will continue their programs when Federal financial support is terminated.

Second, the authorization for funding of OWRT programs expires at the end of Fiscal Year 1982. The Administration is not proposing that these programs be reauthorized, and no legislation for reauthorization is planned for transmittal to the Congress.

The international desalting R&D programs which have been operated by OWRT as totally reimbursable activities will be transferred to the Bureau of Reclamation and will continue. The capability for managing these international programs currently exists within the Bureau's Foreign Activities Division.

The only other OWRT program which we propose to continue is the Water Resources Scientific Information Center (WRSIC). The WRSIC data base could be integrated into the more sophisticated data and information system operated by the USGS. I will recommend to the Secretary that WRSIC be relocated at the USGS for continued operation in 1983.

All other OWRT programs will be brought to an orderly termination by the end of this fiscal year. Phase-down procedures have been established. There will be residual monitoring of research and development projects, as necessary, in 1983 and 1984. This work will be carried on in other bureaus of the Department. Specifically, ongoing projects of the Institutes will be monitored in the Office of Water Policy. Projects in water reuse and desalting R&D will be monitored in the Bureau of Reclamation where expertise exists to handle them. Every effort will be made to place remaining OWRT staff in suitable positions in the Department following the termination of the office.

In bringing these programs to an end in an orderly manner, two additional tasks have been assigned to OWRT. A program-by-program synopsis of program accomplishments from 1979 to 1982 will be made. In addition, a synopsis of water research priorities as outlined in the 5-year research priority plans of the 54 participating water research institutes will be prepared. We believe that these two reports will be useful to the States and to researchers in the university community and industry, as the States and private sector take over greater responsibility for this work.

You requested an analysis of potential new construction starts under consideration in the Bureau of Reclamation. Let me state that careful consideration is being given by the Bureau of Reclamation and the Department of the Interior to the criteria for selecting projects for construction. Those criteria include the extent of State and local support and the willingness of the project beneficiaries to share in the cost. Also being considered are the status of construction prerequisites, the multipurpose nature of a project, and economic feasibility. A selection of viable new starts will be based on the extent to which a project meets those criteria. Staff members are still developing additional options for internal discussion and we expect to develop critical conclusions within the next 30 days.

Mr. Chairman, that completes my testimony. I would be happy to answer your questions.

FISCAL YEAR 1983 BUDGET REVIEW

Federal Emergency Management Agency, Economic Development Administration, and the Appalachian Regional Commission

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TUESDAY, MARCH 2, 1982

U.S. Senate,
Committee on Environment and Public Works,
Washington, D.C.

The committee met at 10 a.m., in room 4200, Dirksen Senate Office Building, Hon. Frank H. Murkowski presiding.

Present: Senators Murkowski, Randolph, Bentsen, Burdick, and Mitchell.

Senator Murkowski. Good morning.

OPENING STATEMENT OF HON. FRANK H. MURKOWSKI, U.S. SENATOR FROM THE STATE OF ALASKA

In behalf of the Committee on Environment and Public Works, I want to welcome our witnesses and guests to the continuation of our hearings on fiscal year 1988 budget requests for programs within our jurisdiction.

This morning we will receive testimony from Assistant Secretary of Commerce, Carlos C. Campbell, Economic Development Administration; from Al Smith, Federal Cochairman of the Appalachian Regional Commission, and from Mr. Lee Thomas, Associate Director for State and Local Programs, Federal Emergency Management Agency.

Written testimony has been solicited on the Tennessee Valley Authority's nonpower appropriation request and is also available this morning. (See p. 613.)

You may notice that this year no funds are requested for the title V Regional Action Planning Commission. The activities of these agencies were terminated by the Omnibus Reconciliation Act of 1981 in accordance with the administration's request to reduce the Federal spending and return appropriate responsibilities to the States.

This year the administration is again requesting no program funds for the Economic Development Administration with only $15.5 million for salaries and expenses to close out projects approved in prior years; likewise, no new funds are being requested by the administration for the area development programs of the Appalachian Regional Commission.

Funding for Appalachian highways is expected to be made available in fiscal years 1983 through 1986 in the amount of $80 million annually out of highway trust fund rather than as a separate categorical grant program.

Late this year the committee and the Senate initially voted to terminate the Economic Development Administration and Appalachian Regional Commission. However, in conference with the House on the Reconciliation Act, we agreed to reduce authorization sharply rather than repeal the EDA or ARC programs outright.

In both cases, however, Congress adopted legislative language that directed 1982 expenditures toward completing projects that were already begun or which were well advanced in the agency's Project Pipeline.

It is clear to me that the Congress intended the current year to provide a transition toward the termination of these two programs that were created in 1965 at the high-water mark of the Great Society.

Before the morning is out, however, I am sure it will be equally clear that other members of the committee may prefer different interpretations of the future of EDA and ARC.

Finally, having reached a high of over $1 billion for disaster relief in 1980, the year of the Mount St. Helens recovery, the administration's request for fiscal year 1983 is $325 million more in line with the recent historical trends.

However, where nature is concerned, the trend as we know is often rather meaningless. Our hearing this morning also provides us with an opportunity to question Mr. Lee Thomas, who administers the disaster relief program for FEMA on the administration's legislative proposal to amend the Disaster Relief Act, including S. 1216 and S. 1217, which are currently pending before this committee.

We will be interested in learning how these proposals will affect Federal expenditures but provide greater program efficiency. I have a particular concern that the Disaster Relief Act has been utilized for purposes far beyond what was intended by the Congress. It has been interpreted by FEMA to cover most any emergency or catastrophy whether of natural cause or not. I may have a bill to introduce addressing this important matter as well as a number of specific issues.

I also understand that we are going to have a series of votes this morning beginning at 11:30. I hope that we can adjourn the hearing upon notice of the first vote, if possible.

We have Senator Mitchell, who just came in.

Senator Mitchell, it is a pleasure to welcome you to the committee and we look forward to your remarks.

Senator MITCHELL. Thank you very much, Senator.

Do I understand that the order of witnesses has been changed?

Senator MURKOWSKI. Yes; I neglected to mention that. We are going to call on Mr. Lee Thomas first.

Senator MITCHELL. I have a statement which involves only the Economic Development Administration. So I would prefer to save that until such time as we get to Mr. Campbell. I think it is more appropriate that way.

Senator **Murkowski**. I might mention for the record that we have a statement by Senator Howard Baker, which will be entered into the record and so noted.

[The statement follows:]

STATEMENT BY SENATOR HOWARD H. BAKER, JR.
BEFORE THE
REGIONAL AND COMMUNITY DEVELOPMENT SUBCOMMITTEE
TVA's APPROPRIATED BUDGET REQUEST FOR FY 83
MARCH 2, 1982

Mr. Chairman, I would like to provide for the record my comments on the fiscal year 1983 appropriated budget program of the Tennessee Valley Authority, as well as to note TVA's response to the several recommendations of this Committee that were made following oversight hearings held March 16-17, 1982.

The Administration is requesting $119.5 million in fiscal year 1983 for those activities conducted by TVA which are supported with appropriated funds. As the Committee knows, the TVA power system is entirely self-supporting. Its costs are paid for entirely by revenues from the electric system and proceeds from the sale of bonds backed solely by future power revenues.

TVA's appropriated programs fall into three broad categories: stewardship of Federal lands, waters, and facilities, including a totally integrated river system, for which TVA acts as custodian; national demonstration activities of which the fertilizer research and development program is the most significant; and the delivery of technical expertise and assistance accumulated over a half-century of resource development and management, including development and operation of the Nation's largest electrical generating system.

In my judgment the Administration's recommendation of $119.5 million is a reasonable request that balances the need for budget stringency with TVA's statutory obligations as set forth in the TVA Act of 1933. TVA, like other agencies, is operating with a budget that has been sharply reduced, fully $30 million less than its original 1982 request to Congress and $10 million less than it finally received last year. Since 1978, TVA has cut its employment level in appropriated programs by 22 percent, a decrease of 614 employees.

The Committee should bear in mind that TVA's stewardship responsibilities are unique, not duplicated by other Federal or State agencies or by the private sector. In particular, TVA has the responsibility to maintain and refurbish, when necessary, a multipurpose system of dams and reservoirs where the average age of the dams exceeds 30 years. I am especially pleased that the fiscal year 1983 budget contains sufficient resources to permit TVA to achieve a 20-year cycle of maintenance that will avoid increased costs in the future.

It is also noteworthy that this budget will permit TVA to continue an aggressive effort to improve the quality of the waters in its reservoirs. As reservoirs grow older, they experience the problem of decreasing levels of dissolved oxygen which can impair the healthy growth of aquatic life and fish. TVA is designing innovative solutions to achieve higher levels of dissolved oxygen in conjunction with the operation of its dams.

TVA provides technical assistance in a broad range of activities, including forestry and wildlife development, agricultural resources development, and economic and community development. Unlike some other Federal agencies, TVA has followed for many years the precept of only helping those who are prepared to help themselves. In operational terms, this approach means that TVA relies on other entities, such as the States, local governments, or the private sector, to carry out the results of TVA's technical innovations and expertise. TVA does not make operating grants, relying instead on State or local resources to put its ideas into practice. This strategy embodies what the Administration means by a "New Federalism" that avoids continuing dependency on the Federal Treasury.

TVA's national fertilizer development program is continuing its efforts to develop efficient, lower cost fertilizers using environmentally safe processes requiring less energy. In particular, TVA is carrying out the basic research that will sustain the Nation's dominant position in the world phosphate market by permitting use of lower-grade phosphate ores. This research will insure that U.S. agriculture does not become dependent on high-priced foreign imports of phosphate.

I commend to the Committee TVA's philosophy of solving real-world problems with a minimum of bureaucratic red-tape. It is a "can-do" approach to problems that reflects a true partnership between Government action and private responsibility. In this budget, as in prior years, TVA has phased out programs that were no longer needed or could be assumed by others.

Last year the Committee conducted two days of oversight hearings on TVA, focusing principally on the operation of the TVA power system and the construction of new generating capacity. Following the hearings, the Committee made a number of specific recommendations for consideration by the TVA Board of Directors.

TVA is now transmitting its response to Chairman Stafford and Committee members will receive copies shortly. It is my impression that TVA has followed up satisfactorily on each of the Committee's recommendations. A number of positive steps have been taken to improve TVA's credibility with its customers and to enhance its management and operations. The TVA Board is to be commended for their positive and constructive response to the Committee's recommendations. I am confident that this spirit of cooperation and mutual respect between TVA and the Committee will continue in the future.

Mr. Chairman, I request that TVA's full response be included in the record of this hearing.

Senator MURKOWSKI. Our first witness, then, to come before the committee is Mr. Lee M. Thomas, Associate Director for State and local programs, Federal Emergency Management Agency.

We look forward to your testimony this morning. And with that brief introduction, we would ask you to proceed.

STATEMENT OF LEE M. THOMAS, ASSOCIATE DIRECTOR FOR STATE AND LOCAL PROGRAMS AND SUPPORT, FEDERAL EMERGENCY MANAGEMENT AGENCY

Mr. THOMAS. Thank you, Senator.

I appreciate the opportunity to come here today and discuss with you the budget request for the disaster relief program as a part of the Federal Emergency Management Agency's overall budget request.

In discussing that budget request, I would also like to talk about some of the substantive changes to the Disaster Relief Act of 1974 which the administration has proposed which impact only the budget of the Agency and specifically on this budget request.

In that regard, I would like to file for the record the statement. There is also a letter which our General Counsel has transmitted to you, Senator, concerning the substantive changes to the Act which I would like to enter for the record. If I may, I would like to summarize my statement.

Senator MURKOWSKI. Please proceed. They will be noted in the record.

Mr. THOMAS. The administration has submitted a budget request this year of approximately $325 million for the Disaster Relief Act. This would cover the projected costs of response and relief to major disasters and emergencies for fiscal year 1983; additionally the cost of administration, preparedness, and mitigation efforts under that program.

In order to talk about this budget, I would like to briefly review the program and the activities of the program for you.

As you know, the Disaster Relief Act is clearly a supplemental program, supplemental to State, and local units of government in time of a major disaster or emergency.

Two basic types of declarations can be made by the President. First, declaration of a major disaster. When an incident has occurred which is clearly beyond the capability of State and local government to respond, an individual Governor can make a request to the President that a major disaster be declared so that Federal assistance under the Disaster Relief Act and other Federal authorities can be made available.

In a similar situation, if an emergency occurs where there is a pending disaster, a Governor can make a request for emergency assistance if it is beyond the capability of State and local governments to respond to that emergency.

In the history of the program since 1974 we have had 393 requests for major disaster declarations and of those 228 have been declared as major disasters. We have received 120 requests for emergencies. Of those, 69 have been declared as emergencies. Under the fire suppression authority of the act which basically is an emergency situation relating to fire, we have had 59 requests and of those we have made assistance available for 29. Overall, since 1974, we have extended $3.5 billion in disaster relief for those disasters, emergencies, and fire-suppression requests which have been received and declared by the President.

Overall, FEMA has two responsibilities under the Disaster Relief Act. Clearly the responsibility, once the declaration is made, is to coordinate overall Federal disaster assistance and secondly, to manage the specific authorities of Public Law 93-288 as far as financial and technical assistance are concerned.

I want to talk to you today about the specific authorities under Public Law 93-288, some of the substantive recommendations that the administration has made relating to the reauthorization of Public Law 93-288 and their implementations as far as the budget request is concerned. Basically, the request process runs as I have mentioned. If a disaster occurs or an emergency is underway, a Governor will make a request to the President for assistance. That request is reviewed by our regional office and in most cases a joint assessment is conducted by our regional staff and the State staff to determine the full extent of the disaster or emergency situation.

Obviously, we are moving in a short time frame in reviewing these situations. Over a period of generally several days a determination is made as to whether the disaster is beyond the capability of the State and local governments to respond. If the President makes a determination that it is, a declaration is made. A Federal Coordinating Officer is appointed and it is the responsibility of the Federal Coordinating Officer to move forward in the field to establish the program. This is done generally as a first step by the establishment of a disaster field office in the particular location and the establishment of disaster assistance centers in each of the major population centers where the disaster is occurring.

Once those disaster facilities are opened, we begin receiving requests for two types of assistance, public assistance and individual assistance.

Under public assistance we can generally move forward to provide relief in several areas. First, emergency protective work which may be sandbagging, barracading, emergency drainage, et cetera, relating to the particular hazard to prevent a threat to life or property. Second, we can provide assistance in debris clearance. Finally, repair and restoration of publicly owned damaged facilities, such as roads and buildings.

In the area of individual assistance, where we receive the majority of our requests as far as volume is concerned, we provide assistance in temporary housing, individual and family grants, disaster unemployment assistance, rental assistance, legal services, and crisis counselling.

Based on this administration's thorough review of the program over the last number of months we have submitted to you a number of changes that we feel should be made in the disaster relief legislation. I would like to talk with you about four of those changes specifically, two of which have direct implications on the budget.

First is a provision which we have recommended for 75-25 cost sharing on public assistance, specifically those components of public assistance that relate to permanent restorative work and debris removal. The 75-25 provision we feel is consistent with the supplemental nature of the program. We feel it insures prudence as far as State and local government is concerned in the restoration of facilities and overall we reflect in our analysis in our budget request a savings of $50 million in fiscal year 1983 from the 75-25 cost sharing approach. This is an important provision which we hope will be included in reauthorization legislation.

A second important proposal has to do with our individual assistance program. We have recommended that the 1-year rent free provision of the current law be modified so that temporary housing assistance is actually provided on a financial need basis and is supplemental to the predisaster housing expenses of the individual. We feel again this is consistent with the supplemental nature of the Act, it is consistent with financial need and represents a minimum savings of $1 million a year under our individual assistance program.

A third proposal has to do with section 419 which is our small grant provision under the public assistance. We are recommending on projects of under $25,000 that we proceed with a payment of projects on disaster estimates, relieving a substantial amount of paperwork for our Federal, State, and local officials while at the same time maintaining the financial and program integrity. We have found projects under $25,000 account for about 90 percent of the total applications and yet only about 30 percent of the total cost expended. We feel this procedure would have a substantial impact on State and local governments in insuring that the public assistance program is more responsive to immediate needs.

Finally, and fourth, our proposal for language which would provide the Attorney General with the capability to move on recovery of funds where there appear to be litigation possibilities to move against parties who caused or contributed to a declared major disaster or emergency with the possibility for the Federal Government to recoup from that individual or agency portions of the expenses of the funds which we have allocated.

Finally, I just mention that we are moving forward with a number of administrative changes within our current authority to try and insure that the program is administered, as effectively and efficiently as possible.

Several changes which have been recommended in a recent GAO report are already underway in the administration of the program. A major one is the declaration process itself. We have underway a proposed rule which we hope to have published in the Federal Register during the month of May which would identify a more specific process for the declaration process to be used by State officials particularly Governors, detailing the format to be used, the process to be used, the criteria to be used in determining those cases which are major disasters or emergencies.

This a summary of the program, the budget of the program, and the major changes which we hope will be made in the Disaster Relief Act. As I have indicated earlier in the statement we feel the reauthorization of the Disaster Relief Act and movement on that particular legislation is critical as far as the program is concerned. We would solicit the Congress action in moving forward hopefully to include those provisions which the administration has submitted.

I would be pleased to answer any questions you may have concerning the program.

Senator MURKOWSKI. Thank you very much, Mr. Thomas. I noticed that while your overall budget is slightly increased over last year, your administrative services are down a modest amount. What have you done? Have you reduced personnel?

Mr. THOMAS. We have reduced personnel. Yes, sir, I think five positions overall.

We have also made some cutbacks in other areas as far as the administrative expenses are concerned but, as you noted, it is a modest decrease.

Senator MURKOWSKI. Tell me how you forecast disasters in the budget process. It would seem to me extremely difficult.

Mr. THOMAS. It is. What we have done as far as the budget request——

Senator MURKOWSKI. Do you take an average?

Mr. THOMAS. We take an average of 5 years of the expenditures, and submit that. Expenditures have averaged over the last 5 years about $500 million. Our ability to carry forward funds from 1 year to the next is the reason we came in with a request for $325 million. That, with the funds which we project to carry over this year, would give us about $500 million for 1983.

Senator MURKOWSKI. Tell me a little bit about the give and take that goes on. The President declares a disaster, the State makes the necessary breaks.

How do you resolve what may be an eagerness on the part of the States for a larger amount than you feel is appropriate?

How does the negotiation work?

Mr. THOMAS. We go through the process of receiving individual project requests, say, from the State or local unit of Government. Cost-sharing provisions are a major component of insuring prudence on the part of State and local government in that they know they are going to have to put up a substantial portion.

We are hoping in the legislation you will specify 25 percent. It means if the State or local unit of government know, they are putting 25 percent in, then they are prudent in determining what their need is.

We review that, the technical experts either in our agency or other Federal agencies that are working with us, or private contractors that we have, to determine whether it is an appropriate request or not and make a determination.

There is an appeal procedure that the State or local unit of government can use. We have, the eligibility criteria laid out well in advance before they make their request.

Senator **MURKOWSKI**. Last year we discussed, at some length, the fact that the disaster relief program had a number of mobile homes in three locations around the country.

I wonder if for the record, again, you would enlighten us as to the current status. How many did we originally have; how many do we have now; where are they and when did we use them last?

I don't mean just a few, but in a major disaster?

Mr. **THOMAS**. The highest number that we have had in the mobile home storage program was just over 8,000. That was in 1977. The history of the mobile home storage program is fairly recent but it started off in the middle seventies with eight storage centers identified around the country. That has been phased back to three storage centers and as I indicated, the high point in that inventory was 8,000 mobile homes.

Currently our inventory is a little over 2,800 mobile homes. They are located in storage centers around the country: At Forest Park, Ga. right outside of Atlanta, we have about 1,500, Bluegrass, Ky., where we have about 550; at Dempsey, Tex., outside the Dallas area we have about 500; and an additional 300 units are stored in Ogden, Utah, a satellite of the Dempsey facility. The overall estimated value that we have in mobile homes at this point is just over $26 million.

The majority of those mobile homes are what we call the hardened mobile home made to FEMA specifications. They are not like the mobile home you would buy off the lot. They are mobile homes which have an extremely heavy undercarriage. There are no frills. Their interior is built with the bathroom, kitchen back to back so that we don't have extended plumbing. Basically, they are built for dispatch, to be set up on a quick basis, returned, refurbished, and reused. That is an overview basically of where we are with mobile homes at this point.

Senator **MURKOWSKI**. When were they last used?

Mr. **THOMAS**. Over the last 3 years we have used about 6,000. Obviously some of those are reuses. In 1979 we used 5,002; in 1980, 911; in 1981, 81.

To give you an example, as you indicated, it is very difficult to determine when you are going to need mobile homes. But in the 1979 Wichita Falls tornado, we used about 1,400 mobile homes.

That same year, in Hurricane Frederic, we used approximately 1,700 mobile homes; in 1980, in the Grand Island, Nebr. tornado, we used over 350 mobile homes.

In 1981, the most recent disaster I got involved in since I have been with FEMA, a small flooding disaster at Mineral Wells, Tex., required about 30 mobile homes.

As I indicated, we have gone steadily down in our inventory closing five of the eight storage centers, and reducing the number of mobile homes from 8,000, to about 2,800.

Senator MURKOWSKI. What in your estimation is the cost of maintaining the three centers? I assume you have personnel there, a maintanance crew.

Do you contract for moving them out in disaster time?

Mr. THOMAS. The majority of the work is contracted out. The move out, the set up, the maintenance of the mobile home is all done by contract. We have standby contractors. A good bit of the refurbishing work we have is done by standby contractors. We have got an overall paper on the mobile home program that I would be glad to submit for the record which goes through a cost-effective analysis of alternatives to the storage program that was prepared.

There have been about four studies over the period of the last 4 years that were done on the mobile home programs by various contractors that we had come in as well as the Inspector General. The most recent study took a look at the cost effectiveness of the storage program versus leasing and other alternatives, and lays out the cost of providing mobile homes.

Senator MURKOWSKI. What is the administrative cost associated with maintaining 2,500 mobile homes?

Mr. THOMAS. For this year, we have in our budget a cost of about $1.2 million for the administrative cost.

Senator MURKOWSKI. $1.2 million?

Mr. THOMAS. Yes.

Senator MURKOWSKI. Do you have a policy on continued utilization or phase out?

My point is, if there is a rationale at one time for 8,000, we are down to 2,800, is it the same rationale that is applicable or would we be better off getting out of maintaining mobile homes and depending on whatever the marketplace can provide in an emergency?

It seems that we have been on both ends and whether you intend to phase down from 2,800 in view of the fact that in the last several years you really haven't used it?

Mr. THOMAS. Correct. we have worked fairly closely with the Mobile Home Manufacturers Association as we have implemented and maintained this program.

Basically, the policy at this point is to try to maintain the inventory level of about 2,500 mobile homes. We have got in that 2,500 less than 500 that are not of FEMA specifications, the hardened mobile home that I talked about.

We would like to use those up over the next several disasters and by that I mean deploy them, use them, and then either sell them to the individual when the disaster is over or excess them.

Senator MURKOWSKI. You don't have any appropriation for mobile homes?

Mr. THOMAS. No, sir, the problem we run into, if we have no storage program with mobile homes, is the immediate access to the number of mobile homes that is needed in a major disaster.

Mobile Home Manufacturers Association indicates that, one, its leadtime on manufacturing a large volume of mobile homes is some period of time. The number on the lots that we can move into an area is limited. If we had to move 1,700 into an area quickly, we don't have that many that we could move in that quickly. After looking at the cost-benefit approach, and I have looked back through all the studies, it appears appropriate to try to maintain a basic inventory of 2,000 or 2,500 hardened mobile homes is storage centers.

Senator **MURKOWSKI**. Are there any other fixed assets that the Federal Emergency Management Agency has?

Mr. **THOMAS**. Other than the authority under the Disaster Relief Act which does have fixed assets, one of the programs the agency is responsible for is that under the authorization for the U.S. Fire Administration.

Under the U.S. Fire Administration, there are fixed assets. We also have authorization under the civil defense authorities and under the civil defense program, there are some fixed assets.

Senator **MURKOWSKI**. Not of a magnitude——

Mr. **THOMAS**. Not anything like we are talking about here.

Senator **MURKOWSKI**. Senator Mitchell, do you have any questions?

Senator **MITCHELL**. No, thank you, Mr. Chairman.

Senator **MURKOWSKI**. Senator Bentsen?

Senator **BENTSEN**. I have no questions.

Senator **MURKOWSKI**. Senator Randolph?

Thank you, very much for your testimony. We appreciate it.

Mr. **THOMAS**. Thank you.

[Responses to written questions follow:]

QUESTIONS FOR MR. THOMAS

Several months ago hexane gas was released in the sewer system of Louisville, Kentucky, resulting in an explosion which caused several million dollars worth of damage. Based on the information available to this Committee it seems apparent that this incident was a release within the coverage of the Superfund law. Yet the response to this incident was pursuant to the disaster act.

Please provide the following information:

Was response pursuant to the authority of Superfund considered as an option? If so, state your reasoning and legal authority for proceding under the Disaster Relief Act. If Superfund response was not considered as an alternative, please state why it wasn't.

Please provide a statement of the Agency's legal authority to declare the Louisville situation a disaster in view of the fact that it was man-caused and not a natural occurrence. If it is the Agency's intention to respond to such incidents as a matter of policy, please provide the Committee with a copy of any written policy which has been developed on the subject.

Please state exactly what actions were taken in Louisville. Please also state how much money has been spent there and the uses to which it was put.

Please state when the Agency intends to file suit against the responsible parties in the Louisville for purposes of collecting the monies expended under the liability requirements of the Superfund law.

Response to Questions from Senate Public Works Committee

Q. Was the response pursuant to the Authority of Superfund considered? If so, state your reasoning and legal authority for proceding under the Disaster Relief Act.

A. Yes. This request by the Governor for a declaration of a major disaster was denied, but after the Governor's appeal was later declared by the President. We considered the applicability of the Superfund during the damage assessment leading to the turndown and to the appeal. The sewer explosion occurred during February, 1981, and the Executive Order to implement the Superfund had not been signed. Appropriations were needed but they were not available until June, 1981. FEMA staff members at Regional level and at the National Office contacted EPA and other Federal agencies in processing the Governor's request and the appeal. We were assured by EPA that no funds were available to cope with the sewer emergency from the Superfund or other EPA sources. Section 301(a) and Section 301(b) definitions of an emergency and of a major disaster respectively both include "explosion" as one of the types of catastrophes. At the time of the Governor's request and appeal there was speculation about the cause of the explosion, but nothing definite had been decided. Though the potential hazard due to gases, if any, had been dispersed by the explosion, a system of large storm sewers was blocked creating a serious flooding hazard unless opened before the spring rainy season. Water, gas lines, streets, and other public services were disrupted by the explosion. We concluded that the situation was beyond state and local capabilities and was of sufficient magnitude and severity to warrant a declaration by the President.

Q. Please provide a statement of the Agency's legal authority to declare the Louisville situation a disaster in view of the fact that it was man-caused and not a natural occurrence. If it is the Agency's intention to respond to such incidents as a matter of policy, please provide the committee with a copy of any written policy which has been developed for the subject.

A. Attention is invited to the references and reasoning cited in the previous answer. An explosion is one of the types of incidents cited in PL 93-288 definitions of a major disaster or of an emergency. At the time of the incident the cause was apparently accidental. The courts are still considering arguments about the liability of various parties for the damages. The legal basis for the declaration was a determination by the President that a major disaster had occurred which met the requirements of Section 301, Public Law 93-288 and of our implementing regulations 44 CFR 205. As to the Agency's future intentions, the attached correspondence states the position of the Associate Director, (Attachment A). If the Superfund or other resources available to the State and Local governments are determined adequate to cope with any future situation, no declaration of an emergency ~~or~~ major disaster can be justified. While there is no written policy that specifically addresses this subject, we are in the process of developing proposed rulemaking 44 CFR 205 Subpart C (the Declaration Process) which will consider your interest in this matter. In any future situation of this nature we would contact EPA to determine whether the Superfund will be used to meet the needs for Federal assistance.

Q. Please state specifically what actions were taken in Louisville. Please also state how much money has been spent there and the uses to which it was put.

A. The President declared a major disaster and authorized emergency work on a 75/25 basis. In his letter of March 17, 1981 to then Acting FEMA Director Gallagher, the President stated that "Consistent with the requirement that Federal assistance be supplemental, the Federal funds under PL 93-288 will be limited to 75 percent of all eligible public assistance in designated areas. Federal disaster assistance will be limited to emergency sewer and related street repair under Section 306, PL 93-288." Disaster grant assistance has been provided to repair or reconstruct damaged or destroyed sewer facilities plus damaged street facilities. To date FEMA has estimated total eligible cost at $18,447,000 and has obligated the 75 percent FEMA cost sharing or $13,899,477. An appeal is pending from the University of Louisville for street repairs estimated at $360,000. No other known FEMA obligations are pending and actual costs will not be known until final payments are made. The latest FEMA computer report is attached, (3.7 Report, Attachment B).

Q. Please state when the Agency intends to file suit against the responsible parties in the Louisville sewer explosion, for the purpose of collection of the monies expended under the liability requirement of the Superfund law.

A. We are currently attempting to recover expended Federal disaster assistance funds. Attention is invited to paragraphs twelve and thirteen of the Federal/State agreement (Attachment C) between the FEMA Regional Director and the Governor of this major disaster. Our General Counsel and the Department of Justice attorneys are working closely with state and local attorneys in efforts to recover FEMA funds. To date the Superfund has not been involved in our recovery efforts. Our General Counsel will consult with the EPA General Counsel to determine whether the Superfund may be used for recovery of these funds and will take appropriate action if warranted.

Attachment A

Federal Emergency Management Agency
Washington, D.C. 20472

October 2, 1981

Honorable Robert T. Stafford
Chairman
Committee on Environment & Public Works
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The Committee has raised a question about my written response to Senator Burdick's question regarding the Administration's position on the application of the Disaster Relief Act to social and economic emergencies —of which the influx of Cuban refugees last year was one example. I would like to amplify on my oral testimony to the Committee and to clarify the written response delivered later to the Committee prior to its business meeting approving the nomination.

I know the strong views of the Committee that the Disaster Relief Act should not apply to situations other than natural disasters and those causes specifically listed in the Act. I share this view and assure you and the Committee that I will recommend declarations under the Act consistent with that interpretation.

As I have discussed with members of the Committee and its staff, I would be pleased to work with you in considering revised definitions of "major disaster" and "emergency" under the Act if you feel it would be helpful for me to do so.

If any additional information is required, please do not hesitate to contact me.

Sincerely,

Lee M. Thomas

Lee M. Thomas
Associate Director-Designate
State & Local Programs and Support

Attachment B

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MAR 3,1982
11:32 A.M. ET

                 DMIS TABLE 3.7: FINAL VOUCHER STATUS LIST
                                 FDAA CONTRACT 636
                                 PAS ONLY

                                                                      DATE
               PENDING      PENDING        PENDING      PENDING     PENDING
  ID           RECEIPT     RECOMMEND        AUDIT       PAYMENT      SINCE
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1-48000     $ 1,132,351
1-48100     $   539,532
1-48101      12,227,594

OTALS FOR 3 ID(S)
             13,899,477 $           0 $           0 $           0
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Attachment C

FEDERAL EMERGENCY MANAGEMENT AGENCY
Region IV 1375 Peachtree Street, NE Atlanta, Georgia 30309

Honorable John Y. Brown
Governor
Commonwealth of Kentucky
Frankfort, Kentucky 40601

Dear Governor Brown:

1. This letter is the Federal-State Disaster Assistance Agreement for a Major Disaster, No. FEMA-636-DR, under the Disaster Relief Act of 1974, Public Law 93-288, as amended, (hereinafter referred to as the Act), 42 USC 5121 et seq.; in accordance with 44 CFR 205.44. Exhibit A, Federal Financial Assistance and Exhibit B, State Certification Officers, are attached hereto and made a part hereof.

2. On March 17, 1981, the President determined that damages resulting from sewer explosions in Louisville, Kentucky, on February 13, 1981, caused a major disaster in your Commonwealth and you hereby acknowledge receipt of notice of this declaration. Federal disaster assistance will be limited to emergency sewer and related street repair under Section 306, Public Law 93-288. As a condition for the provision of public assistance, the Federal Government's participation shall be supplemental at the rate of seventy-five percent (75%) and the non-Federal share shall be at the rate of twenty-five percent (25%) for all eligible public assistance costs (net project cost) under Public Law 93-288. A copy of your request is attached hereto as Exhibit C and made a part hereof.

3. Federal assistance will be made available in accordance with the Act, Executive Order 12148, the Regulations attached hereto, and currently applicable handbooks. Reimbursement to the Commonwealth for eligible disaster costs will be based on the submission of project applications and vouchers supported by a detailed breakdown of eligible costs.

4. No project applications will be approved for assistance unless the damage or hardship to be alleviated resulted from the major disaster which took place on February 13, 1981.

5. In the event that funds are to be transferred to the Commonwealth of Kentucky for disaster relief purposes, the Commonwealth and its political subdivisions agree to the following: In the event that the Commonwealth of Kentucky or its political subdivisions violate any of the conditions imposed upon disaster relief assistance under Public Law 93-288, this Agreement, or applicable Federal Regulations, the Director, Federal Emergency

Management Agency (FEMA), or his delegate, will notify the Commonwealth that additional financial assistance for the purpose of the project in connection with which the violation occurred will be withheld until such violation has been corrected. Provided, however, that the Director, FEMA, or his delegate, after such notice to the Commonwealth, is not satisfied with the corrective measures taken to comply with his notification, the Director, FEMA, or his delegate, will notify the Commonwealth that further financial assistance will be withheld for the project for which it has been determined that a violation exists, or for all or any portion of financial assistance which has been or is to be made available to the Commonwealth or local governments for the purpose of disaster relief assistance under the provisions of the Act, this Agreement, or applicable Federal Regulations or handbooks.

6. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this Agreement, or to any benefit to arise thereupon: Provided, however, that this provision shall not be construed to extend to any contract made with a corporation for its general benefit.

7. The Commonwealth Officers authorized to execute certifications and otherwise to act on behalf of the Commonwealth are listed in Exhibit B which is attached hereto and made a part hereof.

8. The Commonwealth agrees that, as a condition for any Federal loan or grant, the Commonwealth or the applicant shall evaluate the natural hazards in the areas in which the proceeds of the grants or loans are to be used and shall make appropriate recommendations to mitigate such hazards for Federally-assisted projects. The Commonwealth further agrees: (1) to follow up with applicants, within Commonwealth capabilities to assure that, as a condition for any grant or loan under the Act, appropriate hazard mitigation actions are taken; (2) to prepare and submit not later than 180 days after the declaration to the Regional Director for concurrence, a hazard mitigation plan or plans for the designated areas; and (3) to review and update as necessary disaster-mitigation portions of the emergency plans.

9. The Regional Director agrees to make Federal technical advice and assistance available to support the planning efforts and actions.

10. Federal assistance under the Act and this Agreement shall be limited to the following area of the Commonwealth of Kentucky: For Public Assistance only: Jefferson County.

11. The Governor shall establish, through the Commonwealth agency responsible for regulation of the insurance industry, adequate measures to ensure that insurance companies make full payment of insurance benefits to disaster victims. The Commonwealth also shall take all responsible steps to ensure that disaster victims are aware of procedures for filing insurance claims, and are informed of any Commonwealth procedures instituted for assisting insured disaster victims.

12. The State understands that it is the intent of the Federal Government to take whatever action is necessary to charge for, or otherwise recover the Federal Government's expenditures in providing assistance to alleviate the hardship, suffering or damages resulting from the sewer explosions in Louisville. Such actions may include a request to the Department of Justice to institute legal action against any potentially liable party. Nothing in this paragraph shall be construed as obligating the Federal Government to provide additional assistance.

13. The Commonwealth agrees, on behalf of itself, its agencies, employees, political subdivisions, and recipients of federal disaster assistance, as a condition of receiving federal disaster assistance benefiting the Commonwealth or its citizens:

    a. That the Commonwealth's agencies and political subdivisions and recipients of federal disaster assistance shall pursue vigorously and expeditiously the recovery of federal expenditures in providing disaster assistance following the explosions of February 13, 1981; however, nothing in this paragraph shall limit the right of a non-federal entity to seek additional recovery; and further, that the Commonwealth shall require its agencies and political subdivisions and recipients of federal disaster assistance to cooperate, in a reasonable manner, with the United States in the latter's efforts to ensure compliance with the provisions of this paragraph;

    b. That, in the event that the Commonwealth, an agency or political subdivision, thereof, or a recipient of federal disaster assistance obtains a recovery from a responsible third party (except where the United States is a party to a settlement or judgment resulting in recovery), the United States shall be reimbursed its expenditures in providing disaster assistance following the explosions of February 13 in accordance with the following:

        1. The recovering party, as well as the United States, first shall be reimbursed their reasonable costs of litigation from such recovered funds; for the purpose of this paragraph, costs of litigation shall include reasonable attorneys' fees incurred, reasonable experts' fees, court costs and all other reasonable additional costs related to the preparation for the prosecution of legal action for recovery;

        2. Funds recovered in excess of the costs of litigation ("excess recovery") shall be divided between the United States (on behalf of FEMA) and each recovering party pro rata, that is, each shall receive a share of the excess recovery bearing the same ratio to the total excess recovery as its actual audited expenditures directly resulting from the sewer explosions

bear to the total federal and non-federal expenditures directly resulting from the sewer explosions; for the purpose of this paragraph, the federal expenditures directly resulting from the sewer explosions shall mean the cost of providing assistance, and shall include the amount of assistance plus the additional costs attributable solely to the disaster declaration in Kentucky; for the purposes of this paragraph, the recovering party's actual audited expenditures directly resulting from the sewer explosions shall include cost items which are both eligible and ineligible for assistance under the Disaster Relief Act of 1974; in the event there is a recovery obtained prior to the completion of required final audits the excess recovery shall be divided on a 50-50 basis between the United States and the recovering party until such time as the correct pro rata shares can be calculated, at which time, there shall be an adjustment between the parties so that each receives its corrected pro rata share;

3. The FEMA General Counsel shall have the opportunity to review any proposed settlement between the Commonwealth, a political subdivision or agency thereof, or a recipient of federal disaster assistance, and a responsible third party, and no settlement shall be made if the FEMA General Counsel objects within fifteen (15) days after receiving notice of any proposed settlement; however, the FEMA General Counsel shall not make unreasonable objections;

4. In the event the United States recovers federal disaster assistance expenditures under a cause of action available only to the United States, such recovery shall operate as a set-off against the reimbursement for federal disaster assistance expenditures required under this paragraph;

5. The United States shall not share in any punitive or exemplary damages.

c. That neither the Commonwealth, a political subdivision or agency thereof, nor a recipient of federal disaster assistance shall oppose intervention by the United States in any legal action instituted in accordance with this paragraph.

d. That the United States may enforce any of the provisions of this paragraph by appropriate judicial actions, by withholding federal funding or by off-setting against current or future disaster assistance payments.

14. The State will establish and maintain an active Commonwealth program of non-discrimination in disaster assistance, outlined in 44 CFR 205.13.

This program will encompass all Commonwealth and local government action pursuant to this Agreement.

15. The Commonwealth will establish and maintain a program to assure that

the Commonwealth and local government recipients of FEMA disaster assistance comply with the HUD or FEMA Debarment List. This program will also encompass all Commonwealth and local contracts.

16. The Commonwealth will notify all Commonwealth and local agencies and local governments within the areas defined by this Agreement of the time limitations agreed to herein and the terms and conditions of eligibility for Federal Assistance.

17. This Agreement may be amended at any time by written approval of both parties.

Sincerely yours,

Thomas P. Credle
Disaster Recovery Manager

Attachments:

Agreed:

John Y Brown Jr
Governor

03/31/81
Date

Senator **Murkowski**. We will call the next witness, Hon. Carlos Campbell, Assistant Secretary of Commerce for Economic Development, U.S. Department of Commerce.

Senator **Mitchell**. Mr. Chairman, in accordance with my initial request to defer my statement until now because it deals solely with EDA, I would request the opportunity to make the statement at this time.

Senator **Murkowski**. You may proceed, Senator Mitchell.

OPENING STATEMENT OF HON. GEORGE J. MITCHELL, U.S. SENATOR FROM THE STATE OF MAINE

Senator **Mitchell**. Mr. Chairman, members of the committee, last year when the administration announced its plan to eliminate the Economic Development Administration, I opposed it. I said then that no matter how successful the President's economic policy was going to be some sectors of our Nation, some regions, some rural areas, and some cities would not enjoy a full share in that success because of longstanding regional and local problems that inhibit economic growth.

This year, the President has asked for more time and more patience for his economic program to work. He has asked the nearly 10 million jobless Americans to be patient until capital investment and business expansion provide the jobs they need. Those millions of unemployed are concentrated in the areas of States hardest hit by the recession and in areas in States of chronically high unemployment.

The President himself acknowledged this fact. In December he said and I quote the President: "Unemployment is not spreading across the country. What we call the recession in some areas is actually a depression which also have some other parts of the country where there isn't even a recession at the moment."

Last year, the administration argued that the economic recovery would be so swift and so strong and especially targeted programs for economic development would not be needed.

EDA could safely be scrapped, we were told, because even the chronically poor regions would experience new swift economic growth.

Instead, the opposite has happened. Uncertainty about the length of the recession and serious doubt about the strength of the recovery have dealt poorer regions such as my own a double blow.

The national economy growing at full strength might have helped poor regions somewhat but a national economy in full and deepening recession is undercutting our ability to survive let alone create new jobs and new growth.

But in the face of this clear fact, the administration is again proposing to totally eliminate the economic development administration at a time of national recession such a decision is absured and self-defeating.

EDA exists because local conditions can cause economic problems that no national strategy can resolve; that exists because some national policies themselves have harsh local effects.

It exists because we have long had the common national understanding that our national goal is a thriving prosperous national community, not thriving regions separated by depressed regions or prosperous States not marked with pockets of poverty.

Where such pockets exist, our national policy has been to eliminate then, not to ignore them. It is obvious that with national policies of localized effect, in and when a consciously pursued national policy hurts a locality, there exists a clear national responsibility to help resolve that problem.

It is unreasonable to pursue national policies without regard to how they hurt some of our people.

It is not only unreasonable, it is unfair.

The mobility of our work force is a much discussed phenomenon but there is a vast difference between mobility by choice and mobility compelled by lack of alternatives.

The massive surges of people to the northern cities and the Western States during the depression years and earlier were not examples of mobility exercised by individuals who had any choice. Rather, they were examples of people driven by the bleakest alternatives to leave their homes and move away, anywhere, to escape a hopeless future.

The inner-city ghettos of our day are one national inheritance of that massive migration. If we allow the huge national disparaties and national resources climate and other economic factors to be emphasized by neglecting economic growth in other regions, we will simply be setting the stage for repetition in the near future of that costly wave of human migration.

Since the Depression, we have learned as a nation that there are less costly, more efficient, and more humane ways to help people who live in poorer regions that, simply waiting until they move wholesale somewhere else.

The rebirth of many of our older cities reflects that fact and the EDA has helped play a major role with providing such assistance.

This administration wants to eliminate the program to make short-term and relatively minor changes in the budget deficit for 1983. But that is shortsighted economically and unfair in human terms.

The solution to our economic problem is obviously economic growth and the best way to tackle it aside from exercising our patience is to build on the industries and companies that are already existing to help them expand, to help them grow, to help those that need it become competitive with imports.

This administration is willing to gamble that the bills of new tax cuts will result in new jobs but it is unwilling to maintain a proven responsive and effective program at the fraction of that cost.

Last year when the administration wanted to eliminate EDA, the argument was that the Reagan economic program was so self evidently going to work that an anticipation alone would foster widespread national economic growth.

Last year, anticipation alone managed to drive interest rates back to the historic peak. That cost the Nation millions of jobs.

This year we are told that the answer to the depressed regional economies in the urban enterprise zones, less taxes, less regulation, and lower costs, we are told will lure businesses into creating huge new job markets in depressed areas of the country.

Regions which already suffer from chronic economic problems are now being asked to gamble on another economic theory.

It is a wreckless gamble to trade a proven working program for an untried package of economic incentives in the middle of a major recession.

It is not a good trade. Last year we were promised economic progress without pain. What we have had is pain without progress.

Last year we were assured that major tax incentives would produce job creation through investments. This year we are being told that high unemployment is essential to bring down inflation.

Last year we were told that economic growth nationally would automatically take care of depressed regional economies. This year we are told that the National Government has no responsibility to directly help depressed regions.

I have a different conception of the responsibility of our National Government. It is founded on our history, and based on commonsense. The National Government generously helped the underdeveloped regions of the country when our Nation was expanding. Government land grants for railroads opened up the West. Massive irrigation projects made our western deserts fruitful. Hydroprojects in the Pacific Northwest took the natural wealth of swift rivers and made them a source of economic prosperity.

All these efforts used nationally raised resources to help specific regions of the country.

Eliminating the national role in regional economic development as this administration proposed is a radical break in American tradition, not a continuity of America's past and it does not make sense at all. Last year Congress overrode the administration's ill-conceived plan to kill EDA and recognized that local pockets of unemployment and economic stagnation needed specialized targetted aid.

This year the existence of massive recession of uncertain duration, nearly 10 million Americans out of work, simply multiples the strength of the successful argument that prevailed last year. I will again fight to prevent this erroneous shortsighted proposal from becoming law and I hope that again commonsense and experience with a proven program will win out over a gamble on yet another untried economic theory.

Thank you, Mr. Chairman.

Senator MURKOWSKI. Thank you, Senator.

In keeping with the policy of the committee, we will follow those Senators in the order they appeared.

Senator Bentsen, do you have an opening statement?

Senator BENTSEN. I have no opening statement. Thank you very much.

Senator MURKOWSKI. Senator Randolph, do you have an opening statement you would care to make at this time?

OPENING STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator RANDOLPH. Mr. Chairman, and members of the committee, we are meeting to consider the budget proposals of three agencies under our jurisdiction which have contributed constructive functions in the improvement and protection of local communities and their economies. I have much regret that the administration has failed to recognize the importance of two—and I underscore it and capitalize it—the importance of two of these activities and for the second consecutive year has proposed that these agencies be terminated.

All three of these programs were created by legislation that originated within this committee. The Economic Development Administration and the Appalachian Regional Commission were the responses of a concerned Government to the weak and struggling local economies that existed throughout our country in the mid-1960's.

Mr. Chairman, the relief program was fashioned as a permanent authority which would allow us to respond quickly and effectively when the need occurred at any place within the country. It replaced a piecemeal system that required congressional action each time—I emphasize—each time there was a natural disaster.

I ask to be pardoned a moment to go back to late March 1933 when, with several other new Members of the 73d Congress, I was present at a conference called by the President of the United States, Franklin Delano Roosevelt. It was a rainy evening. It was very dreary. It was somewhat cold in Washington, D.C. The President sat behind a large desk and we were sitting in front of him. The discussions were of type that I shall never forget because, I say to our witnesses and to all of our guests today, members of the committee, we were in a period when to talk was not sufficient. But to act was absolutely necessary.

One of our Members, understandably from his standpoint, said that in essence, Mr. President, all of these programs I shall support but you are doing too much, too quickly. The American people cannot digest, absorb, respond to action that moves too quickly.

The President made no reply but a little later, not directing his attention to the individual who had made the comment, he looked at the group. He leaned forward a little at the desk and he said, "But gentlemen, we must act now."

Acting now we could make mistakes but if we do not act now, perhaps a little later on we might not have the opportunity to even make mistakes.

I drop back as it were in nostalgia, not because the telling of the story involves me, but because of the conditions at that time throughout the country. If you were visiting Washington the day the President was inaugurated, you could not write a check to a hotel in this city. They would not accept it. Yet, the Congress, moving with the war powers of the President on the 4th and the 6th and then the 9th of March, without a rollcall in the House of Representatives, with a vote of 73 to 7 in the Senate, passed the Emergency Banking Act.

I don't refer to that sort of a situation to be dramatic, but I am saying that throughout the history of this country there are reasons that programs and projects to serve people come into being. We faced, in the mid-1960's, the very impelling reason to pass a disaster relief program which was not piecemeal as I have mentioned.

The disaster relief program was a permanent authority just as those, programs of the New Deal administration were permanent, passed quickly with the cooperation of the White House and Capitol Hill. I say to our witnesses today, on the books at this very moment are laws for helping the people of the United States of America and the political subdivisions to carry forward.

That, in essence, is what we are talking about today. The programs to which we refer are not outdated. There is no reason for the President—and I speak not unkindly of him because as President he must make proposals. We, insofar as conscience and judgment are concerned, attempt to work with him.

I have only opposed one nomination of the President of the United States out of the number that have required Senate confirmation. I have spoken within the Senate for at least six of the nominees. So when the Senator from West Virginia talks as he talks, he is not talking as one who takes an adversary position with the administration and certainly not with the present occupant of the White House.

I am saying that I think the President misread the facts when at the very beginning of his and our administration he used the words "We shall abolish EDA." That was the expression used. I think that it would have been much better for him, I think for the process of government itself, to check very carefully to see if there was not only the review of the EDA and what it had done but of the other programs that were on the books and had been serving the people.

I speak first of the disaster relief program because even though I am mentioning it first there are perhaps two other programs of the three with which I am more emotionally, but I hope intelligently, concerned. We were to take care of the disasters that came. What have we done, Mr. Chairman, you were not here at the moment, but what have we done in the Congress?

A disaster occurred and we went into the Chambers and we voted a certain number of dollars to be sent to a State or an area. You can't operate that way. It was not something that we should have done as long as we did. But there was this program of permanency, as I have said, which replaced the piecemeal system that required congressional action each time there was a natural disaster.

I come to the President's rejection of the proposal and it widens, it deepens, it varies perhaps, but in essence this morning we find the present administration in degree, perhaps less than a few months ago, determined that EDA and ARC, the Appalachian Regional Commission, although they are continuing, the word goes out that the phasing down is only the slower death of these two agencies.

If we work through EDA and ARC in fiscal year 1982, I say to you in all candor and with no animosity whatsoever, that there are those of us within the Congress who will continue to mount the ramparts, to enlist for the duration, to see that these programs, deteriorating under the present plan, will not occur.

There is a deterioration in the national economy. But that makes it even more important, I say to our witnesses and others present, to our committee members, that we do carry these programs forward.

I have listened, as I often listen to our knowledgeable colleague from Maine. I know the unemployment picture in his State. I know the problems that he and the constituency he represents face at this time.

There is, not only a diligence about his work, there is an earnestness about his work and there is a knowledge about the need for him to speak. He knows of the importance of EDA. He knows the importance—I hope at times I have convinced him fully of the importance of the ARC. It, of course, embraces a small part of the country. But I wanted the record to show once again, which it showed many, many times, that I was one of the orginal supporters of the Tennessee Valley Authority. There is no one left in the Congress who voted for that legislation. I am as strong for it now as when it came into being.

Someone will say, well, do the job for the Tennessee Valley Authority and forget it. But we haven't done that. We have come back again and again, as the able majority leader, Mr. Baker from Tennessee knows. We have continued the Tennessee Valley program and I have enthusiastic for its continuance. It bothers me that we cannot do the same for the ARC. I would like some of those that say we will continue the Tennessee Valley Authority but we do not continue the Appalachian regional—more States are contained in the Appalachian regional program than there are in the Tennessee Valley Authority. But that is not the point of my discussion today except to say that the aid to the Tennessee Valley Authority did not go away and it is there in Congress today. And it is going to be continued

Review, oversight, these are important functions of this committee and the Congress. But to secure the continuance of these programs in realistic dollars is something that we must not toss aside.

In communities across America, public facilities exist that never would have been possible without EDA. I don't want to go into the State of West Virginia except to tell you that there were plants that were threatened with closure but the EDA loan program provided the catalyst by which the communities, privately, but sometimes with public money, made it possible for those plants to remain operative and even to progress to a greater degree than when the trouble occurred. New marketing programs, new management injected, all of these were a part of the program, not only of the financial support that was needed, not only to maintain jobs, but in a sense often to create new ones. The public facilities of the United States, let's be very frank about it, are becoming old and worn. If you go into a steel town on the Ohio River, by the West Virginia-Pennsylvania side, even moving up into Pennsylvania, you will understand that that is true. This is not the place for the discussion but we face, at Weirton, the steel company which is a subsidiary of National Steel Corp., a situation which is very crucial as we meet here this morning. That is the reason for my delay; involved are thousands of jobs, invloved are communities.

We have been successful in degree in bringing from this committee what we call a stretchout bill which gave to the steel industry, not the opportunity to flaunt EPA programs, but on a case-by-case basis, they would be given a longer period of time. That was reasonable.

I am very glad that President Reagan signed the legislation which had been pending in the later weeks of the prior Congress.

The investments in these programs I call a necessity have declined sharply in recent years.

Most communities have a desperate need for public works funds.

I turn aside for a moment, Mr. Chairman, Senator Mitchell. What are we going to do with the unsafe bridges of this country? Perhaps 20 to 25 percent of them are unsafe for the traffic that flows across them. It is a challenge for all of us. What are we going to do with roads of this country that, under the present progam, the Federal Government does not fund rebuilding the roads. It is necessary, as I see it, to redraft our legislation and provide a certain percentage whereby the Federal Government will help the States and other political subdivisions in the job of rebuilding.

At the present time the Federal Government helps only with construction of the road per se and not with its reconstruction.

So constantly we are called to review and reflect on these programs of public works.

We are asked, and properly so, to accept greater burdens. I understand that because of the revenues that shrink. It is imperative, therefore, that EDA be retained to aid the country on the road to an economic recovery which at the present time is wavering. We hope that it can be made more permanent.

The situation that we face, Mr. Chairman, with respect to the Appalachian Regional Commission, is different this year. There is, as I said, an administration proposal to end the program in the 13 States in which it operates, but, since we last considered the ARC, the Governors, both Republican and Democratic, Governors without exception in the 13 States have developed an imaginative and I think a realistic plan for the Commission.

Mr. Chairman, last week I introduced a measure. I wish all members of this committee would look at it carefully and some would cosponsor it. It is Senate 2144 under which the Commission could implement what the Governors call their finish-up program.

The Governors—both Republicans and Democrats—developed this plan in response to a directive from the Congress.

It is not important to discuss it in detail at this moment, but it will refocus the efforts of ARC on the most pressing needs that remain in the region that I mention. It is a proposal to assure that our efforts and our investments result in achievements, not transitory, but of a permanent value.

It is interesting that we consider this matter shortly after the President has proposed a new federalism plan. When President Johnson signed the original Appalachian legislation in 1965, he called it "the truest example of creative federalism in our times." A week ago today I met with the Appalachian Governors and heard them, without dissent, call this program the most workable and worthwhile program in which they have been involved. They do not make that statement lightly. These are Governors of States with millions of people involved.

Mr. Chairman, we have said, explained, cajoled for years that the unique structure of the operation of the Appalachian program should be a model for the rest of the Nation in what we call intergovernmental cooperation and the effectiveness of our resources. Because of its success in this area, because we need the orderly transition plan, the ARC must, quietly yet earnestly, I pray, be continued. I know our witnesses want to be heard. We sometimes keep them waiting too long. We will discuss with them the budget proposals of the President, the alternate plans which perhaps may be developed as well.

I thank you, Mr. Chairman.

Senator **Murkowski**. Thank you, Senator Randolph.

It is appropriate that committee members be aware of the serious time problem. We begin back-to-back votes at 11:30. We begin a water resource budget hearing at 2 o'clock in this room. Obviously, we are going to run out of time. We apologize to our witnesses. But after the time expires, we must ask that your statements be submitted for the record and remaining questions from the Member Senators be answered in writing as well as submitted.

There is no other time that we could have this room today.

Also for the record, I think it appropriate to advise my colleagues that the committee invited the White House and OMB designee to come forward with regard to the the two programs that are to be stricken from the budget this year, the EDA and the Appalachian Regional Commission. We have been advised by the White House that the individual designee witnesses are completely familiar with the intent of the President and the Reagan administration with regard to the demise of ARC and EDA.

With that, we will call on the second witness before the committee, the Honorable Carlos C. Campbell. You may proceed.

STATEMENT OF HON. CARLOS C. CAMPBELL, ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT, ACCOMPANIED BY CHARLES WARNER, DEPUTY TO MR. CAMPBELL AND EDWARD LEVIN, CHIEF COUNSEL

Mr. **Campbell**. Thank you Mr. Chairman and members of the committee. I would like to read part of my testimony and introduce you to my deputy, Mr. Charles Warner and the chief counsel, Edward Levin.

Mr. Chairman, members of the committee, I am indeed pleased to have this opportunity to discuss with you the activities of the Economic Development Administration for fiscal year 1982 as well as the proposed phase out of the agency in fiscal year 1982, underlining, of course, the word "proposed."

The administration proposes no new program funds for EDA for fiscal year 1983; however, adequate staff will be retained to assure that previously approved projects are successfully completed and that the Government's investment, as represented by the EDA loan and guarantee portfolio is protected to the fullest extent possible. Debt collection activities will continue to be emphasized.

President Reagan's economic recovery plan which was announced early in 1982 with the phaseout of EDA was first proposed, stated that the termination of EDA was part of the administration's policy of placing greater emphasis on the private sector and transferring primary responsibility for administering community economic development programs to the State and local governments.

A major concern was that the Federal Government must reverse the trend to trying to do everything for everybody. States and localities must accordingly assume increased responsibility for their own affairs with decisionmaking as well as funding responsibility vested in those who are best able to deal with local issues.

Further, real jobs are created by the private sector, the Federal Government should not substitute for private capital or attempt to manipulate investment by competing with the private financial markets.

Our primary concerns during the past year and for the upcoming year will be in three major areas. Our first objective will be to process and approve only the most viable projects for which the Congress has provided funding, and to follow the intent of the Congress as stated in legislation and related reports. Specifically, we are directing our attention toward the implementation of the fiscal year 1982 programs funded by the current continuing resolution consistent with the intent of Congress as expressed in the Omnibus Budget Reconciliation Act.

We are proceeding rapidly but prudently with the processing of project applications. In the public works program, we are focusing our major effort on bringing the authorized projects to the approval stage.

There is no pipeline, per se, in the way of business development projects, although there are potential applications which were known last year. We are proceeding very deliberately in this area. It is vital that we give intense scrutiny to these projects, and stress prudence during the initial phase of the credit management process.

The technical assistance program will focus on projects which will support broad departmental objectives and provide the broadest possible support for economic development at the State and local level. Specifically, we intend to direct $1.5 million of the $4 million now available under the continuing resolution to initiatives which will promote trade and export development. We will extend the funding of the university centers through June 30. We will also support a limited number of national organizations to develop information which will be of value to broad range of economic development activities.

Planning grants were funded through December 31, 1981, using fiscal year 1981 funds. We are moving as fast as possible to process renewals of 4 to 6 months for all qualified grantees. We are fully aware of the problems grantees may be experiencing as a result of the funding gap since December; we are anxious to remedy that problem.

Our plans for the economic adjustment program focus on the principle of directing funds to the States so that they may address specific problems within their jurisdictions. We intend to give priority consideration to States with the highest levels of economic distress, based on unemployment rates and total numbers of unemployed persons in addition to other selection criteria.

We have continued funding of the High Plains study. We are considering the possibility of funding a very limited amount of new program activity.

Our second major objective is to bring firm direction and fiscal integrity to all programs of the agency. As we have stressed on numerous occasions before various committees of the Congress, we are directing a major effort to the management of the loan and guarantee portfolios. While we may not always ageee at the time as to what is or is not a project in trouble, it is crystal clear that numerous projects have been approved which did not meet even minimal tests as to their financial viability. It is also clear that this management effort must be carried out in an objective, professional, and business-like manner. Accordingly, we will move to the liquidation phase those projects where a workout is not possible.

In our direction of the portfolio, it is our objective to assist those projects experiencing financial difficulty and to retain the economic development benefits associated with the project. However, in those instances where a firm cannot achieve and maintain financial viability we must protect the Government's interest and maximize returns.

Thus far in fiscal year 1982, we have obligated almost $50 million for coverage of defaults and expenses related to the care and protection of collateral. We expect that our total requirement for fiscal year 1982 could be as high as $98 million. There are sufficient resources in the economic development revoling fund to cover that level of demand should it occur. We believe that adequate resources will be available in the revolving fund in fiscal year 1983 and beyond to meet any foreseeable demand. This, of course, assumes that no direct program activity would be supported from the fund and that assets would remain available for covering defaults and related expenses.

At present, the EDA portfolio consists of 764 loans with a total outstanding balance of $600.5 million, and 165 guarantees which total $610.6 million in Government liability.

In the public works and adjustment grants area, in addition to the major workland associated with the processing of new projects, we are monitoring closely the progress of 1,122 construction projects which have been approved but have not yet closed out; the value of these projects is $987 million.

These have not yet been closed out and will continue to emphasize management throughout these other program areas.

Be assured that effective management of EDA is a primary concern in the Department of Commerce even though we do not expect to have new program activities in fiscal year 1983. This administration will not close the doors and walk away from the responsibility of assuring that programs are completed and closed out in a manner which is consistent with the purposes for which funds were initially intended. Our third major objective is to accomplish all this with as small a staff as possible and with a lean budget for salaries and expenses. Our objective is to manage well, and to be consistent with congressional intent.

The current budget provides for an end of year staffing level of 380 for fiscal year 1982. We are requesting $15 million for salaries and expenses for fiscal year 1983; this will support 275 staff years of effort to carry out monitoring and portfolio management responsibilities. The budgeted end of year staffing level for fiscal year 1983 is 236. We expect to have some more consolidation and reorganization and invite that to your attention as appropriate.

Obviously, major consolidation and perhaps reorganization will be necessary and appropriate. At this point, we are only beginning to assess in detail our management plans for next year; obviously, our major effort now is focused on processsion projects as promptly and efficiently as possible. As our plans develop, we will of course advise the interested committees of the Congress.

In order to operate at peak efficiency and to minimize a major salaries and expenses funding problem which exists in fiscal year 1982, it is essential that we cut back in areas where there is minimal workload. Once again I am compelled to bring to your attention the fact that with the prospect of limited new project development activity, we have no significant need for the economic development representatives.

In a period of budget constraint, it is not reasonable to retain the services of employees for whom 85 percent of their activity is the development of new projects. This is especially true given the severe funding problems we are facing right now for fiscal year 1982. We have advised the appropriations committees that the retention of the EDR's and postponement of the field reduction in force created an immediate deficit for 1982 in excess of $1.5 million. We have encountered other unbudgeted costs such as pay raises which have compounded the S. & E. funding problem. We have achieved savings of approximately $1 million already, and expect to reduce the deficit even further through furloughs.

We plan to furlough the EDR's for 6 months, and all other EDA employees for 1 day per pay period for the balance of the year; this will save an additional $1.5 million. We are currently considering options for dealing with other unbudgeted costs in the S. & E. account.

Thank you, Mr. Chairman, that concludes my prepared statement. My associates and I will be pleased to address any questions the committee may have.

Senator MURKOWSKI. Thank you, Mr. Secretary.

The Chairman is going to adopt the strict 5-minute rule in view of the timeframe that we are on.

Mr. Secretary, we understand that you have recently announced the furlough of various States economic development representatives. Could you explain why this action was necessary? Could you explain how the States needs are being filled in the meantime?

Mr. CAMPBELL. Yes, Mr. Chairman.

This was necessary because at the end of last year while we were in the process of conducting a reduction in force we were precluded from involving the economic development representatives. So we have to put that on hold as a result of congressional action. As a result we inherited a projected shortfall if you will of $1.5 million. We did analyze, the staff did an analysis, to reassess the need for economic development representatives which indicated that their responsibilities were about 85 percent functionally obsolete.

We do not need the EDR position. The positions of course will remain in place. We have a projected shortfall in salaries and expenses. Consequently we have to compensate for that. The alternatives would be to furlough the areas where we have the least need which happens to be the economic development representatives and to absorb the rest by 1-day-per-pay-period-type furloughs throughout the staff over a period of 6 months. This will allow us to counterbalance the shortfall and compensate for that.

In terms of what is needed within the States or in the field at that level, we project pressing needs that could not be satisfied by the regional office.

Senator **Murkowski**. Do you feel any more EDA employees will be furloughed or terminated before the end of the fiscal year?

Mr. **Campbell**. Other than what I just said, Mr. Chairman?

Senator **Murkowski**. Yes.

Mr. **Campbell**. No, sir, just the employment, just for the EDR's and then 1 day per pay period for the rest.

Senator **Murkowski**. It is my understanding that there still remains EDA representatives in about 46 States, 4 States no longer have representatives. Is that right? My State of Alaska is one of them.

Mr. **Campbell**, Mr. Chairman, that part is correct. We have 38 EDR positions that are currently filled.

Senator **Murkowski**. Thank you.

The authorization to appropriate funds contained in the Public Works and Economic Development Act expires at the end of this fiscal year. Does the administration intend to continue any part of that act after September 30, 1982?

Mr. **Campbell**. Mr. Chairman, I believe you are referring to section 709 under the appropriations as amended.

Senator **Murkowski**. Just the act, any part of the act?

Mr. **Campbell**. Mr. Chairman, let me confer with counsel.

Senator **Murkowski**. Please.

The question was does the administration intend to request legislation to continue any part of the act after September 30?

Mr. **Campbell**. No, Mr. Chairman, we do not.

Senator **Murkowski**. Thank you.

Does the administration propose to repeal the Public Works and Economic Development Act? You may confer with counsel of course.

Mr. **Campbell**. Mr. Chairman, there are no plans that we are aware of to do that.

Senator **Murkowski**. The administration has requested $15.5 million in salaries and expenses to administer the closeout of approved ongoing projects. On what legal authority does the administration base its request? You may confer with counsel.

Mr. **Campbell**. Excuse me.

Mr. Chairman, we are requesting appropriations for salaries and expenses for 1983 and we expect that the Congress would find appropriate legislation to respond accordingly.

Senator **Murkowski**. I think my question is on what legal authority does the administration base its request? You may submit that for the record if you would prefer.

Mr. **Campbell**. Yes, Mr. Chairman, I will submit that for the record.

Senator **Murkowski**. How does the administration propose to close out section 203 revolving fund? Will the administration be required to terminate the use of the revolving fund?

Mr. **Campbell**. Mr. Chairman, we do not believe any legislation will be necessary for that.

Senator **Murkowski**. Thank you.

That concludes my 5 minutes. I would call on Senator Mitchell.

Senator MITCHELL. Thank you, Mr. Chairman. In view of the time, I had a fairly lengthy series of questions to ask Mr. Campbell and I will get just a few of them. I will submit the remainder in writing.

Senator MURKOWSKI. That would be quite appropriate. Thank you.

Senator MITCHELL. I want to begin my making a comment. I have listened to your statement and I have read it. I particularly noted on the first page the justification by the administration for proposing elimination of EDA is that the Government must reverse the trend to everybody. The States and localities must assume the responsibility of their own affairs, the Federal Government should not substitute private capital or compete with private financial markets.

I don't mean this about you personally. I understand you are stating the administration's position. I would just like to note for the record the total inconsistency, indeed the utter hypocrisy of that approach in describing the budget that also proposes hundreds of billions of dollars of taxpayers' money to fund a private nuclear reactor in Tennessee. They contemplate the continuing of new irrigation projects in the West, the continuation of hundreds of millions of dollars of money paid by the taxpayers of my State which for centuries has subsidized development in the West and is the principal reason for the existence of major cities in Los Angeles, Denver, Phoenix, and for the economic prosperity that the West now sustains.

I just think it is outrageous that we have this kind of argument made when throughout the budget are contained numerous examples of continued subsidies to favor industries and favor regions. It just simply doesn't make any sense in my mind.

The budget document says that EDA should be eliminated because "Economic expansion and job creation will be stimulated through the President's overall economic recovery program."

Is it not fair to say that that has not yet occurred?

Mr. CAMPBELL. Mr. Chairman, Senator Mitchell, the projected date for the turnaround is mid-1982.

As you know, the economic recovery program came onstream on October 1. Senator Mitchell, I would like to respectfuly invite your attention to the Congressional Budget Office's estimate of $9.2 billion in industrial development funds were issued in 1981 and that we are not oblivious to the capacity that now exists currently at the State and local level and I would also respectfully invite your attention, Senator Mitchell, to the fact that if you take the entire EDA budget for 1982, that this amounts to about $1.12 per person; that since the passage of the Public Works Economic Development Act of 1965, there has been a tremendous increase in State and local capacity.

In fact, the State of Illinois has a staff that is almost as large as the entire staff of EDA. So it is not that we are in any way not sensitive. It is in fact that we see a clear need to eliminate areas proposed, if you will, the phaseout of an agency where we see considerable amount of duplication.

Senator MITCHELL. Why then are you proposing an urban enterprise zone if the problems are all being solved at the local level?

Mr. CAMPBELL. I am not saying that the problems are all being solved at the local level. That is an entirely different initiative. It is based again principally on regulatory reform and tax incentive.

Senator MITCHELL. Obviously, we disagree on the effectiveness of EDA, and I understand that. There are reasonable people who, in good faith, believe the program has not been successful.

I believe directly to the contrary. I just want to say that I am delighted that you have now put the decline for this so-called economic recovery at this summer, the onset of which has been repeatedly delayed and I look forward to that.

I would just note that the budget document still says that by 1986 the President's programs are expected to create millions of new jobs in justifying EDA's elimination. I can only say to you that for the tens of millions of Americans out of work, 1986 is too far away. I am delighted to hear about your projection of the economic recovery in June.

Senator MURKOWSKI. Senator, that concludes your allotted time.

Senator MITCHELL. I have a number of other questions, Mr. Chairman, and I will submit them. Is there any reason why we cannot keep asking questions? The buzzer hasn't run yet.

Senator MURKOWSKI. We have one more witness. I am trying to accommodate the other witness.

Senator MITCHELL. Thank you.

Mr. CAMPBELL. Mr. Chairman, may I just say for the record my intent was to state that the stimulus for economic recovery would start during mid-1982. I just want to say start.

Senator MURKOWSKI. The record so notes. Thank you.

Senator MITCHELL. I have not seen a subject, Mr. Chairman, on which there has been more backing, filling, hedging, and qualifying than on when the start of this magical new economic recovery is going to begin.

Senator MURKOWSKI. Senator Randolph and Senator Burdick will also have questions for the witness, Secretary Campbell.

Senator MURKOWSKI. We will call on the last witness, Hon. Albert P. Smith.

We welcome you to the committee and ask that you proceed with perhaps a synopsis of your opening statement. I would continue the hearing until the second bell, at which time I will adjourn the hearing and you may submit the balance of your statement for the record and any questions from the Senators on the committee will be submitted and that would conclude the hearing.

Please proceed.

STATEMENT OF ALBERT P. SMITH, JR., FEDERAL COCHAIRMAN, APPALACHIAN REGIONAL COMMISSION, ACCOMPANIED BY DENNIS W. BOYD, BUDGET OFFICER; AND FRANCIS MORAVITZ, EXECUTIVE DIRECTOR

Mr. SMITH. Thank you, Mr. Chairman.

The President's fiscal year 1983 budget recommendation is a termination of the Appalachian Regional Commission on September 30, 1982, and the, transfer of the highway program to the Department of Transportation with appropriation levels of $80 million for each 4 years.

Legislation will be proposed to fund highways from the highway trust fund. Money would be largely used to complete ongoing highway construction and repay the States for prefinanced projects.

That is a synopsis of my statement.

Senator MURKOWSKI. Thank you, Mr. Smith.

There is a document the committee received called "Programs for Appalachian Governors Commission, Fiscal 1982" by the Appalachian Governors. It looks pretty much like the budget justification document prepared in previous years for submission to the appropriate committees. These are the documents. I am sure you have seen them.

On the first page the document proposes of 1983 budget for ARC of $300 million. The President's request for next year is zero. As you indicated he proposed to terminate the ARC.

Would you tell the committee what it might cost to put this alternative budget together?

Who has printed it? Do you know how it was paid for?

Mr. SMITH. I am going to ask Mr. Moravitz, Executive Director of the ARC, who is with us, Mr. Chairman, to respond to that question, if I may.

Mr. MORAVITZ. Mr. Chairman, the budget document that you displayed is based on the report to the Congress from the Appalachian Governors which was requested by the Governors and was delivered to the Congress on December 31.

Senator MURKOWSKI. This one was. I am referring to this one over here.

Mr. MORAVITZ. This is the implemented document for the first year of that program.

Senator MURKOWSKI. This came from where?

Mr. MORAVITZ. This came from the Appalachian Governors.

Senator MURKOWSKI. Who paid for it?

Mr. MORAVITZ. The Appalachian Regional Commission; half by the State and half by the Federal Government. As we were moving into the budget period for——

Senator MURKOWSKI. ARC staff worked on it and paid for it?

Mr. MORAVITZ. Yes.

Senator MURKOWSKI. It is not their budget and they are due to terminate. I am a little confused.

Mr. MORAVITZ. It was not until, I think the date is February 5, that Al Smith, Federal cochairman, received final word on this official appeal to OMB that a document such as this would not be submitted by him to the Congress. The Commission's request was forwarded to OMB in November by Gov. Lemar Alexander. We had the first official response to that January 5. By that time, we were well into the budget cycle and on that date Chairman Smith appealed Mr. Stockman's recommendation and the Commission staff continued preparation of the document until it was finally disposed of in February.

Senator MURKOWSKI. Why are Federal funds being used for this purpose when they are due to be terminated?

Mr. MORAVITZ. At the point we were preparing this document, Mr. Chairman, there was still an open question whether this would be a Commission document or a Governor's document. We had reached the point where it was only a matter of whether we changed covers on the document.

Senator **Murkowski**. It has been distributed. Obviously, it is basically the same budget.

Mr. **Moravitz**. Yes.

Senator **Murkowski**. I guess the chair has a difficult time with the appropriateness of which we would permit the use of Federal resources or commission resources to basically pursue something that it contrary to the President's program. That is the way it appears. What I would request is that you submit for the record a response to the generalization which I have made and I may be incorrect in that generalization because the specific dates may indicate otherwise. But we would appreciate that for the record because any Federal resource or Commission resource to fund a staff which may be used to publish and print this report may be contrary to the actual termination and commitment and indication by the administration to terminate the program.

It just seems a little unusual that suddenly there should be a budget popping up.

[The information requested follows:]

APPALACHIAN REGIONAL COMMISSION

OFFICE OF THE
FEDERAL COCHAIRMAN
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235
202/673-7856

APR 23 1982

Honorable Frank H. Murkowski
Chairman, Subcommittee on Regional and
Community Development
Committee on Environment and Public Works
United States Senate
Washington, D. C. 20510

Dear Chairman:

This is in response to your recent request for information on the question, first posed at the hearing before your Subcommittee on March 2, 1982, as to the reasons for preparing, and the cost of, the document entitled Program for the Appalachian Regional Commission, Fiscal Year 1983, By the Appalachian Governors as submitted to the Appropriation Committees of the U. S. House of Representatives and the U. S. Senate, February 1982.

The first answer to the first question is that the document was prepared in response to the instruction of the Appropriations Committee of the House of Representatives. At the time of the consideration of H.R. 4144, the Energy and Water Development Appropriations Bill for FY 1982, on the floor of the Congress on July 23, 1981, the Appropriations Committee spokesman stated:

> "The committee ... expects the ARC to prepare a fiscal year 1983 budget request consistent with authorization committee actions and in accord with the plan required by the Appropriations Committees." 127 Congressional Record H4778 (daily ed. July 23, 1981).

The "plan" to which the spokesman referred is the Appalachian Governors report to Congress, dated December 31, 1981, a copy of which was also submitted to your Committee at the March 2nd hearing. The budget document is based upon recommendations and funding levels proposed in the report and contains basically the same information but merely presented in the budget format used by the Appropriations Committees.

Secondly, the Member Governors of the Commission, in response to the Appropriations Committee's call for the report on a finish-up program, by resolution adopted August 11, 1981, directed the ARC Executive Director to proceed with the preparation of the report. The Governors also, thereafter, took the position that a budget request for FY 1983 should be made to OMB and the President.

The Honorable Frank H. Murkowski
Page Two

Pursuant to these Congressional and guberatorial directives, the Commission staff proceeded through the customary budget process. For your convenience, I have attached to this letter correspondence of the Commission's States' Cochairmen, the Director of the Office of Management and Budget and myself at major points in this process. These letters are:

1. November 13, 1981 letter of States' Cochairman Lamar Alexander to David Stockman requesting that funding for ARC be included in the Administration's FY 1983 budget;

2. December 23, 1981 letter from States' Cochairman Alexander to Mr. Stockman again urging that the Governors' report be the basis of the Administration's FY 83 budget;

3. January 5, 1982 letter from Mr. Stockman to Governor Alexander informing him of the Administration's FY 1983 budget proposals with regard to the Commission;

4. January 5, 1982 letter from me to Mr. Stockman appealing the initial OMB budget mark and transmitting in support of the appeal a copy of the Governors' report; and

5. February 1, 1982 letter (received February 5, 1982) from Mr. Stockman to me informing me of the OMB decision on this appeal which added $100 million.

With regard to the second question, as you doubtless recall, all Commission administrative costs are, by statute, borne equally by the Federal Government and the thirteen states. Professional and clerical staff time required to prepare the budget document cost $7,939.00 which was shared equally as required. The initial printing and assembly of the budget cost $912.00; however, this cost was paid fully by the states. Subsequently, an additional 100 copies were reproduced for internal use at an approximate cost of $30.00. This cost was shared equally by the states and the Federal Government.

Sincerely,

Al Smith

ALBERT P. SMITH, JR.
Federal Cochairman

APPALACHIAN REGIONAL COMMISSION
1666 Connecticut Avenue, N.W
Washington, D.C. 20235

November 13, 1981

David A. Stockman, Director
Office of Management and Budget
Washington, D.C. 20503

Dear Dave:

You will recall the Congressional request that the Appalachian Regional Commission propose a finish-up program as an alternative to abrupt termination when its present authorization ends September 30, 1982. In complying with that request, the Appalachian Governors have been trying to fashion a program which would be acceptable to the Administration.

Last April 6, 1981, Jay Rockefeller and I met with Dr. Ed Harper, Ms. Annelise Anderson, Federal Highway Administrator R. A. Barnhart, and members of the White House staff to discuss ARC. Dr. Harper assured us at that time of the Administration's commitment to continue the construction of the Appalachian Development Highway System (ADHS). His assurance was followed by your proposal to Congress that the ADHS be funded from the Highway Trust Fund and that the Fund be continued through 1990.

Some have interpreted the Administration bill to imply an open-ended commitment to complete the entire ADHS which, in current dollars, would cost $7.1 billion in Federal funds. But I am not persuaded you meant that. In assessing the impact of the bill, I note that it called for a Federal contribution of $1.3 billion for the initial five-year period 1982 - 1986. Projecting these figures through the life of the Highway Trust Fund yields approximately $3 billion. This figure, it seems to me, represents a reasonable expression of the Administration's position in dollar terms.

I believe we can finish with less. With some flexibility in the use of the funds, we can wind up ARC's highway and nonhighway programs with less dispute, less disappointment, and at less cost than would be required to implement the Administration's highway proposal alone. Given reasonable leeway to adjust priorities, we can end our programs in a reasonable time, without reneging on pending projects, and on a note of cooperation and accomplishment.

The gist of our ARC finish-up proposal is included in a resolution we passed Tuesday, which I enclose along with supporting papers. You will be interested to know that we have reviewed our proposal in the light of your March 11, 1981 testimony on ARC before the House Public Works Committee. We believe our proposal eliminates those aspects of our program to which you objected.

Our proposal would finish up both the highway and nonhighway programs at a cost of $2.67 billion. It would require greater state and local commitment to offset the reduction in ARC funds, a stronger commitment from the private sector, and elimination of all but the highest priority expenditures. We would:

- Change our highway program significantly by reducing costs and better emphasizing regional and national goals. We would eliminate ARC funding for more than 900 of the 1,474 uncompleted miles in the system. We have set priorities based on highest traffic loads, heaviest transportation of coal, most critical regional economic development needs, and importance of state line crossings. We have identified each section which would be completed and those which would not, and have set both a dollar ceiling ($2.27 billion) and a termination date (1990). In addition to their usual match requirements, several Appalachian States have already indicated a willingness to commit an additional $330 million within the finish-up period toward completing the system.

- Limit the scope and duration of our nonhighway program. We would focus on a three-part area development finish-up program budgeted at an average of $80 million a year over a five-year period. No project could receive more than 50 percent ARC funding. The states would be responsible for arranging the balance. Most funds could be used only for projects which directly stimulate private sector employment and investment. For three years, a maximum of $8 million annually would be used to complete our health program by extending primary health care to the few areas not yet reached and to reduce infant mortality in counties with rates half again above the national average. Annually for five years, a maximum of $15 million would be used to help some 60 counties with the least resources meet with their most critical community facility needs, especially safe drinking water and waste disposal.

- Eliminate certain kinds of ARC funding. Libraries, cultural centers, sports arenas, hospital construction, medical office buildings, recreation facilities, school construction, government offices, community centers, social service facilities and continuing grants for operation of health, education and day care facilities would no longer be funded by ARC.

As you can imagine, it has not been an easy matter to get agreement among all the states on these drastic changes in the ARC program which we regard so highly. The balance is a careful one which must be preserved. The Appalachian Governors will work with you to assure strong, bipartisan support of the finish-up program.

I am confident that the thousands of local officials, businessmen and other leaders throughout the Region, many of whom have participated in the development of this finish-up program, will accept the cuts in a spirit of cooperation with you and the President, so that together we can bring the ARC program to a close in a harmonious manner.

While our formal report to Congress will come at year-end, I am submitting its essence to you now so that you may consider it for inclusion in next year's budget. I hope you will support authorization legislation to implement the proposal and that you will include appropriations for ARC in the 1983 budget as follows:

Appalachian Development Highway System	$215,000,000
Area Development Program	83,000,000

My colleagues and I look forward to your comments and will also be happy to talk with you further about this program which could do so much for Appalachia. I hope it is a solution and will be agreeable to you and President Reagan.

Sincerely,

Lamar Alexander

Lamar Alexander

LA/llh

Enclosures 2

December 23, 1981

Mr. David A. Stockman, Director
Office of Management and Budget
Washington, D. C.

Dear Dave,

It is my understanding that in the final figures prepared by OMB for the 1982-83 budget, the Appalachian Regional Commission non-highway funding is eliminated. In addition, I understand that the highway portion is transferred to the Federal Highway Administration, with a total funding level of $220 million for the next three fiscal years.

This level of highway funding would, in effect, eliminate the highway portion of the program as well as the non-highway portion for Tennessee. In my earlier letter to you, I outlined a Commission proposal for phasing out the ARC program over several years. We cannot abandon half-finished roads all over the Appalachian Region.

I urge you to review this decision and determine whether it will be possible to increase the funding level for the program as recommended by the Commission in its final phase-out report.

Sincerely,

Lamar Alexander

LA/llp

cc: Mr. Ed Meese
Mr. James Baker
Mr. Rich Williamson
Senator Howard Baker
The Twelve Appalachian Governors

bcc: Mike McGuire

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JAN 5 1982

Honorable Lamar Alexander
States Cochairman
Appalachian Regional Commission
Washington, D. C. 20235

Dear Governor Alexander:

I want to thank you for your letter of November 13, 1981, recommending an Appalachian Regional Commission finish-up program. The recommended program clearly demonstrates a recognition by the Appalachian governors that continuation of the status quo is not possible; that economic development programs such as the ARC's must be the responsibility of State and local governments; and that, given the need to reduce Federal spending, Federal funding for ARC cannot continue indefinitely.

We have given your recommended finish-up program considerable thought and consideration. Our position, however, is that the non-highway programs of ARC should be terminated at the end of 1982, with 1982 appropriations providing funds to complete existing projects. For the Appalachian Development Highway System, we propose a three-year phase-out with funds provided to complete ongoing construction projects and to reimburse States that have prefinanced highway construction projects. The funds for this phase-out will be included in the Federal Highway Administration's budget and be proposed for appropriation out of the Highway Trust Fund.

I would hope that you and the other Appalachian governors recognize and understand the reasons for our decision on your request. Also, I would hope the Administration can count on your support.

Sincerely,

David A. Stockman

David A. Stockman
Director

APPALACHIAN REGIONAL COMMISSION

OFFICE OF THE
FEDERAL COCHAIRMAN
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235
202/673-7856

January 5, 1982

Honorable David A. Stockman
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Stockman:

On behalf of the Appalachian Regional Commission, I hereby formally appeal the initial OMB budget mark for the Commission and transmit in support of that appeal a copy of the December 31, 1981, Report to Congress from the 13 Appalachian Governors.

This report, prepared in response to a Congressional request, describes in more detail the proposed ARC finish-up program which Governor Lamar Alexander, as ARC States Cochairman, outlined as the basis of his November 13, 1981, letter seeking your support of a total of $298 million in appropriations for ARC in 1983. That figure included $215 million in 1983 for the Appalachian Development Highway System finish-up program and $83 million for the area development finish-up program.

In support of Governor Alexander's position, Governor James A. Rhodes of Ohio and Governor John Y. Brown, Jr. of Kentucky have written you, Governor Dick Thornburgh of Pennsylvania has written the President and the Governors have wired you, Mr. Ed Meese and Mr. Jim Baker.

The Appalachian Governors have made me well aware of their disappointment with the initial OMB FY 1983 budget mark for ARC: $75 million for the ARC highway program from the Highway Trust Fund in DOT and nothing for the ARC area development program. They are deeply disappointed because:

1. There is a vast difference between the $75 million and the $234 million for the ARC highway program out of the Trust Fund proposed earlier by the Administration. That earlier

proposal was consistent with a commitment to Governor Alexander and Governor John D. Rockefeller last April 6 in their meeting with Dr. Ed Harper and Ms. Annelise Anderson of your staff, Federal Highway Administrator R.A. Barnhart, and members of the White House staff.

2. The Governors are convinced that the area development finish-up program described in their Report to Congress is meritorious from both regional and national perspectives, is consistent with the President's federalism goals, and is an essential part of overall development in the Region.

For these reasons, I submit in behalf of the Commission this appeal of the $75 million initial FY 1983 budget mark for ARC and refer you to the separate appeals from Governor Alexander and the other Appalachian Governors in support of program funding at the $298 million level.

Sincerely,

Albert P. Smith Jr.

ALBERT P. SMITH, JR.
Federal Cochairman

cc: Appalachian Governors

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

FEB 1 1982

Mr. Albert P. Smith
Federal Cochairman
Appalachian Regional Commission
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235

Dear Mr. Smith:

I wish to acknowledge the Appalachian Regional Commission's appeal of the 1983 budget allowance, and the transmittal of a copy of the report to Congress from the 13 Appalachian Governors.

The ARC appeal and information provided in the Governor's report has received careful consideration. The initial OMB allowance terminating Federal funds for salaries and expenses of the Commission, and elimination of the non-highway and access roads programs at the end of 1982 is affirmed. The allowance for the Appalachian Development Highway System program is amended to hold all States harmless as the program is phased out. The Appalachian highway program will be phased out over four years in the Department of Transportation budget beginning in 1983. Funds will be provided to complete ongoing construction projects, to repay States that have prefinanced highway projects, and to provide resources to all States. The amended allowance will give the States time to adjust their program and funding priorities for the Appalachian highway program.

Sincerely,

David A. Stockman

David A. Stockman
Director

RECEIVED
FEB 5 1982
OFFICE OF THE FEDERAL
CO-CHAIRMAN

Senator **Murkowski**. Last year the Congress eliminated title V regional commissions and those commissions were modeled after the ARC and covered a good portion of the country. Over the last year many of the Governors of the title V commissions met and set up successive organizations of which we are aware. Have the Appalachian Governors explored the option of the Ozark four corner Southwest border New England Governors in their regional planning which I understand was financed with State funds?

Mr. **Smith**. The Appalachian Governors have proposed a foundation, Mr. Chairman, that would be set up as a replacement for the Appalachian Regional Commission or at least to assume a portion of its prior activities. Yes.

Senator **Murkowski**. Senator Burdick, do you have any questions? I am going to adjourn.

Senator **Burdick**. I have a few questions I will submit for the record.

Senator **Murkowski**. Thank you very much, Senator. I appreciate that very much.

Do you have any further statement to make?

Mr. **Smith**. No, sir.

Senator **Murkowski**. Thank you very much. I very much appreciate your assistance in bearing with us on the time limitations that we have.

The committee hearing is adjourned.

[Whereupon, at 11:40 a.m., the committee adjourned.]

[Statements submitted for the record, information from the Tennessee Valley Authority, and responses to written questions follow:]

STATEMENT BY LEE M. THOMAS
ASSOCIATE DIRECTOR
FEDERAL EMERGENCY MANAGEMENT AGENCY
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
MARCH 2, 1982

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM PLEASED TO MEET WITH YOU TODAY AND TO HAVE THIS OPPORTUNITY TO DISCUSS THE FEDERAL EMERGENCY MANAGEMENT AGENCY'S ROLE IN PRESIDENTIALLY-DECLARED DISASTERS AND EMERGENCIES. I WANT TO COVER BRIEFLY THE FISCAL YEAR 1983 BUDGET REQUEST, THE DISASTER PROGRAM AND RECOMMENDED CHANGES TO THE DISASTER RELIEF ACT.

FOR FISCAL YEAR 1983, WE ARE REQUESTING $325 MILLION. THE BASIS FOR THIS REQUEST REFLECTS THE HISTORY OF FUNDING UNDER THE ACT SINCE ITS PASSAGE, AS WELL AS PROPOSED SUBSTANTIVE CHANGES WHICH I WOULD LIKE TO REVIEW WITH YOU.

FIRST HOWEVER, THE PRESIDENT'S DISASTER PROGRAM IS DESIGNED TO SUPPLEMENT THE EFFORTS AND AVAILABLE RESOURCES OF STATE AND LOCAL GOVERNMENT AND VOLUNTARY RELIEF ORGANIZATIONS. THE PRESIDENT'S DECLARATION OF A "MAJOR DISASTER" OR AN "EMERGENCY" AUTHORIZES FEDERAL AID UNDER THE DISASTER RELIEF ACT OF 1974 (PUBLIC LAW 93-288), AND TRIGGERS OTHER FEDERAL DISASTER RELIEF PROGRAMS. WHEN A DISASTER THREATENS OR OCCURS, STATE AND

LOCAL AUTHORITIES HAVE PRIMARY RESPONSIBILITY TO TAKE IMMEDIATE STEPS TO WARN AND EVACUATE CITIZENS, ALLEVIATE SUFFERING, AND PROTECT LIFE AND PROPERTY. IF THE SITUATION IS BEYOND THE CAPABILITIES OF LOCAL AND STATE GOVERNMENTS, THE GOVERNOR MAY REQUEST THAT THE PRESIDENT DECLARE THE AFFECTED AREA A "MAJOR DISASTER" OR AN "EMERGENCY," AS DEFINED IN THE ACT. A "MAJOR DISASTER" MEANS ANY HURRICANE, TORNADO, STORM, FLOOD, HIGH WATER, WIND-DRIVEN WATER, TIDAL WAVE, TSUNAMI, EARTHQUAKE, VOLCANIC ERUPTION, LANDSLIDE, MUDSLIDE, SNOWSTORM, DROUGHT, FIRE, EXPLOSION, OR OTHER CATASTROPHE IN ANY PART OF THE UNITED STATES WHICH, IN THE DETERMINATION OF THE PRESIDENT, CAUSES DAMAGE OF SUFFICIENT SEVERITY AND MAGNITUDE TO WARRANT MAJOR DISASTER ASSISTANCE UNDER THIS ACT, ABOVE AND BEYOND EMERGENCY SERVICES BY THE FEDERAL GOVERNMENT, TO SUPPLEMENT THE EFFORTS AND AVAILABLE RESOURCES OF STATES, LOCAL GOVERNMENTS, AND DISASTER RELIEF ORGANIZATIONS IN ALLEVIATING THE DAMAGE, LOSS, HARDSHIP, OR SUFFERING CAUSED THEREBY.

AN "EMERGENCY" MEANS ANY HURRICANE, TORNADO, STORM, FLOOD, HIGH WATER, WIND-DRIVEN WATER, TIDAL WAVE, TSUNAMI, EARTHQUAKE, VOLCANIC ERUPTION, LANDSLIDE, MUDSLIDE, SNOWSTORM, DROUGHT, FIRE, EXPLOSION, OR OTHER CATASTROPHE IN ANY PART OF THE UNITED STATES WHICH REQUIRES FEDERAL EMERGENCY ASSISTANCE TO SUPPLEMENT STATE AND LOCAL EFFORTS TO SAVE LIVES AND PROTECT PROPERTY, PUBLIC HEALTH AND SAFETY OR TO AVERT OR LESSEN THE THREAT OF A DISASTER.

FROM APRIL 1, 1974, TO THE END OF FISCAL YEAR 1981, FEDERAL ASSISTANCE UNDER THIS PROGRAM TOTALED $3.5 BILLION. MORE THAN $228 MILLION WAS OBLIGATED DURING FY 1981 FOR DISASTERS DECLARED IN 1981 AND PRIOR YEARS.

AS YOU KNOW, FEMA'S RESPONSE AND RECOVERY PROGRAMS ARE OF TWO PRINCIPAL FORMS. THE FIRST IS MANAGEMENT AND COORDINATION OF THE OVERALL FEDERAL RESPONSE EFFORT. IN PRESIDENTIALLY DECLARED MAJOR DISASTERS AND EMERGENCIES, WE COORDINATE THE DISASTER ASSISTANCE PROGRAMS OF ALL FEDERAL AGENCIES. THE SECOND IS THE DELIVERY OF DIRECT OR FINANCIAL ASSISTANCE THROUGH SPECIFIC FEMA RELIEF AND RECOVERY PROGRAMS.

IN ORDER TO PROVIDE SOME BACKGROUND FOR THE SUBSTANTIVE CHANGES WE ARE RECOMMENDING, LET ME BRIEFLY DESCRIBE THE MANAGEMENT AND TYPES OF ASSISTANCE IN A MAJOR DISASTER.

EACH REQUEST FROM A GOVERNOR FOR A MAJOR DISASTER OR AN EMERGENCY DECLARATION RESULTS IN AN INVESTIGATION BY THE FEMA REGIONAL OFFICE INVOLVED. THIS MAY INCLUDE DAMAGE ASSESSMENTS OF THE AFFECTED AREAS AND CONSULTATIONS WITH APPROPRIATE STATE AND FEDERAL OFFICIALS AS WELL AS OTHER INTERESTED PARTIES. THE FEMA REGIONAL DIRECTOR SUBMITS A REPORT TO THE FEMA DIRECTOR WHICH IS THOROUGHLY REVIEWED AT NATIONAL LEVEL. FEMA THEN PROVIDES A REPORT AND A RECOMMENDATION TO THE PRESIDENT.

ONCE A MAJOR DISASTER OR EMERGENCY IS DECLARED BY THE PRESIDENT, FEMA APPOINTS A FEDERAL COORDINATING OFFICER (FCO) TO COORDINATE ALL RELIEF EFFORTS, INCLUDING THOSE AUTHORIZED BY

SEPARATE STATUTES AND PROVIDED BY OTHER FEDERAL AGENCIES AND THROUGH THE RELIEF EFFORTS OF VOLUNTEER ORGANIZATIONS. THIS IS DONE TO PROVIDE AS COMPREHENSIVE A SERVICE AS POSSIBLE, TO REDUCE RESPONSE TIME AND TO ELIMINATE DUPLICATION. THE FCO USUALLY IS ON-SITE WITHIN 24-HOURS OF THE PRESIDENT'S DECLARATION.

IN ORDER TO SUPPLY NECESSARY SERVICES IN A QUICK AND EFFECTIVE MANNER, THE FCO NORMALLY ESTABLISHES A DISASTER FIELD OFFICE AND ONE OR MORE DISASTER ASSISTANCE CENTERS IN THE DISASTER AREA SHORTLY AFTER THE DECLARATION. AT THESE DISASTER ASSISTANCE CENTERS, VICTIMS CAN MEET WITH REPRESENTATIVES OF FEDERAL, STATE, LOCAL AND VOLUNTARY RELIEF AGENCIES TO RECEIVE ADVICE AND ASSISTANCE. AT THE DISASTER FIELD OFFICE, THE FCO, AS THE PRESIDENT'S REPRESENTATIVE, MONITORS THE RELIEF AND RECOVERY EFFORTS, REPORTING PROGRESS TO THE NEWS MEDIA AS WELL AS TO THE HIGHEST LEVELS OF GOVERNMENT. TYPICALLY, AFTER A RESPONSE EFFORT HAS ENDED, THE FEMA NATIONAL OFFICE OR THE FCO CONDUCTS AN AFTER-ACTION REVIEW WITH THE AIM OF IMPROVING THE EFFICIENCY AND EFFECTIVENESS OF DISASTER RELIEF AND RECOVERY OPERATIONS.

DISASTER ASSISTANCE PROVIDED BY FEMA FALLS INTO TWO BROAD CATEGORIES: PUBLIC ASSISTANCE (AID TO THE STATE AND LOCAL GOVERNMENTS) AND INDIVIDUAL ASSISTANCE (AID FOR THE DISASTER VICTIMS AND THEIR FAMILIES).

UNDER THE PUBLIC ASSISTANCE PROGRAM, STATE AND LOCAL OFFICIALS ARE BRIEFED, SOON AFTER A DISASTER DECLARATION, ON THE TYPES OF ASSISTANCE AVAILABLE AND THE APPLICATION PROCEDURE.

PUBLIC ASSISTANCE APPLICANTS ELIGIBLE TO SEEK ASSISTANCE ARE: STATES, THEIR POLITICAL SUBDIVISIONS, AND INDIAN TRIBES AND ALASKA NATIVE VILLAGES AND CERTAIN PRIVATE, NONPROFIT ORGANIZATIONS. DAMAGE SURVEY REPORTS ARE PREPARED BY FEDERAL ENGINEERS. THESE REPORTS, WHICH DOCUMENT DAMAGE AND RECOMMEND THE ELIGIBLE RESTORATIVE WORK AND ELIGIBLE COSTS, ARE THE BASIS FOR THE APPLICATION. GRANTS ARE MADE FOR EMERGENCY PROTECTIVE MEASURES, DEBRIS CLEARANCE, AND THE REPAIR AND RESTORATION OF DAMAGED PUBLIC AND CERTAIN PRIVATE, NONPROFIT FACILITIES. WORK IS NORMALLY ACCOMPLISHED BY THE AFFECTED STATE OR LOCAL GOVERNMENT WITH THEIR OWN FORCES OR UNDER CONTRACT.

THE DISASTER RELIEF ACT PROVIDES A WIDE RANGE OF ASSISTANCE FOR INDIVIDUALS.

TWO OF THE MORE ACTIVE INDIVIDUAL ASSISTANCE PROGRAMS ARE THE TEMPORARY HOUSING AND INDIVIDUAL AND FAMILY GRANT PROGRAMS. TEMPORARY HOUSING IS PROVIDED TO DISPLACED DISASTER VICTIMS, WHICH IS RENT-FREE FOR UP TO ONE YEAR. THE INDIVIDUAL AND FAMILY GRANT PROGRAM MAY PROVIDE GRANTS OF UP TO $5,000 TO MEET SERIOUS UNMET DISASTER-RELATED NEEDS OR NECESSARY EXPENSES.

ADDITIONAL FORMS OF INDIVIDUAL ASSISTANCE UNDER THE ACT INCLUDE: DISASTER UNEMPLOYMENT AND REEMPLOYMENT ASSISTANCE; MORTGAGE AND RENTAL PAYMENT ASSISTANCE; LEGAL SERVICES TO LOW-INCOME FAMILIES; AND CRISIS COUNSELING AND REFERRALS TO APPROPRIATE MENTAL HEALTH AGENCIES TO RELIEVE DISASTER-CAUSED MENTAL HEALTH PROBLEMS.

BASED ON THIS ADMINISTRATION'S THOROUGH REVIEW OF THIS PROGRAM, SEVERAL CHANGES HAVE BEEN PROPOSED WHICH ARE DIRECTLY RELATED TO THE BUDGET PRESENTED TO CONGRESS BY THE PRESIDENT. I WOULD LIKE TO COMMENT SPECIFICALLY ON FOUR OF THESE THAT REPRESENT SAVINGS TO THE FEDERAL TAXPAYER. TWO OF THESE ARE INCORPORATED IN OUR FY 1983 BUDGET ESTIMATES.

INCLUDED IN THE BUDGET FOR FY 1983 IS THE ASSUMPTION WHICH RELATES TO SAVINGS FROM 75/25 COST SHARING IN PUBLIC ASSISTANCE. SINCE MAY OF 1980, EACH FEDERAL-STATE DISASTER ASSISTANCE AGREEMENT SIGNED BY A FEMA REGIONAL DIRECTOR AND A GOVERNOR HAS REQUIRED COST SHARING FOR ELIGIBLE PUBLIC ASSISTANCE ON THE BASIS OF 75 PERCENT FEDERAL AND 25 PERCENT STATE AND/OR LOCAL GOVERNMENTS. CURRENTLY, THE ADMINISTRATION HAS SUBMITTED PROPOSED LEGISLATION (S. 1217) WHICH WOULD AMEND THE ACT BY ALLOWING 75/25 COST SHARING FOR CERTAIN PUBLIC ASSISTANCE ACTIVITIES PROVIDED BY A PRESIDENTIAL DECLARATION. THIS WOULD ASSURE THE SUPPLEMENTAL NATURE OF FEDERAL DISASTER ASSISTANCE WITH REGARD TO PUBLIC ASSISTANCE FURNISHED. IT ALSO PROVIDES FOR A PRUDENT APPROACH ON THE PART OF STATE AND LOCAL GOVERNMENTS IN DETERMINING WHICH REPAIRS ARE TRULY NECESSARY AND WHICH MEASURES WOULD MINIMIZE THE RISKS OF FUTURE DAMAGE. FURTHER, IN ORDER TO PREVENT DELAY ON APPROVED PROJECTS DUE TO A LACK OF FUNDS FOR THE NON-FEMA SHARE, FEMA COULD ADVANCE THAT PORTION TO THE STATE AND/OR LOCAL GOVERNMENT, A PRACTICE WHICH IS ALLOWABLE UNDER THE ACT FOR THE COST SHARED INDIVIDUAL AND FAMILY GRANT PROGRAM. SAVINGS DUE TO 75/25 COST SHARING FOR PUBLIC ASSISTANCE ARE ESTIMATED AT AN AVERAGE OF $50 MILLION PER ANNUM.

THIS SAME PROPOSED LEGISLATION (S. 1217) WOULD ELIMINATE THE ENTITLEMENT OF THE ONE-YEAR, RENT-FREE PERIOD FOR THE USE OF TEMPORARY HOUSING. TEMPORARY HOUSING ASSISTANCE WOULD BE PROVIDED ONLY WHEN ADEQUATE ALTERNATE HOUSING IS UNAVAILABLE. THIS DETERMINATION CONSIDERS THE FINANCIAL MEANS OF THE APPLICANT FOLLOWING THE DISASTER. THE FEDERAL GOVERNMENT WOULD ONLY PAY THAT AMOUNT OVER AND ABOVE THE PRE-DISASTER HOUSING COSTS, WHICH WAS MADE NECESSARY BY THE EXPENSES FOR TEMPORARY HOUSING. ANTICIPATED SAVINGS WITH THIS LEGISLATIVE CHANGE ARE CURRENTLY ESTIMATED AT AN AVERAGE OF $1.0 MILLION PER ANNUM. THE LEGISLATIVE CHANGE WOULD ALSO PROVIDE FOR STATE AND LOCAL GOVERNMENT ADMINISTRATION OF THE TEMPORARY HOUSING PROGRAM WHEN THE CAPABILITY EXISTS, AND WOULD LIMIT FEDERAL FINANCIAL AND OPERATIONAL RESPONSIBILITY FOR THE TEMPORARY HOUSING PROGRAM TO 18 MONTHS FROM THE DATE OF THE DECLARATION.

ANOTHER PROPOSED LEGISLATIVE CHANGE APPLICABLE TO PUBLIC ASSISTANCE, WOULD UPDATE AND EXPAND THE PROVISIONS OF SECTION 419 OF THE ACT. SECTION 419 CURRENTLY AUTHORIZES A SMALL PROJECT GRANT TO ANY APPLICANT WHOSE TOTAL ESTIMATE OF ELIGIBLE WORK FOR ALL PROJECTS DOES NOT EXCEED $25,000. THE PROPOSED CHANGE WOULD AUTHORIZE A SMALL PROJECT GRANT TO ANY APPLICANT FOR ANY PROJECT OF ELIGIBLE WORK FOR WHICH THE ESTIMATED COSTS WOULD NOT EXCEED $25,000. UNDER THE PROPOSED CHANGE, A STATE OR LOCAL GOVERNMENT OR OTHER APPLICANT WOULD BE ELIGIBLE FOR MORE THAN ONE SMALL PROJECT GRANT. UNDER THIS PROPOSED CHANGE AND BASED ON OUR EXPERIENCE, OVER 90 PERCENT OF ALL PROJECTS PROCESSED

BY FEMA COULD BE PROCESSED AS SMALL PROJECT GRANTS. IT IS ALSO ESTIMATED THAT THE FEMA FUNDING APPROVED FOR ALL SMALL PROJECT GRANTS WOULD BE ABOUT 34 PERCENT OF ALL PUBLIC ASSISTANCE FUNDING. OUR EXPERIENCE HAS BEEN THAT FOR PROJECTS LESS THAN $25,000, THE COST ESTIMATES PROVIDE A REASONABLY ACCURATE BASIS FOR GRANT APPROVAL. THE PROPOSED CHANGE WOULD GAIN THE ADVANTAGES OF MANAGEMENT BY EXCEPTION WITH GREATLY REDUCED ADMINISTRATIVE COSTS AND DELAYS. THE INTEGRITY OF THE PROGRAM INVOLVED WOULD BE ASSURED THROUGH AUDITS AND INSPECTIONS ON A SAMPLING BASIS.

A FINAL PROPOSED CHANGE RELATES TO RECOVERY OF DISASTER RELIEF EXPENDITURES. IT WAS INTRODUCED AS S. 1216. THIS WOULD ALLOW THE ATTORNEY GENERAL ON BEHALF OF FEMA, TO PURSUE LITIGATION AGAINST ANY PARTY WHO CAUSED OR CONTRIBUTED TO A MAJOR DISASTER OR EMERGENCY. THIS WOULD PROVIDE A CLEAR STATUTORY BASIS FOR RECOVERING FEDERAL FUNDS WHERE LIABILITY EXISTED.

IN ADDITION TO THESE PROPOSED CHANGES IN THE LAW, WE ARE ACTIVELY PURSUING CHANGES IN THE ADMINISTRATION OF THE PROGRAM. MANY OF THESE ARE CONSISTENT WITH THE REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES, ISSUED DURING DECEMBER, 1981, AND ENTITLED "REQUESTS FOR FEDERAL DISASTER ASSISTANCE NEED BETTER EVALUATION." THE DIRECTOR OF FEMA RESPONDED TO THAT REPORT BY LETTER ON FEBRUARY 11, 1982. WE RECOGNIZE THE CONCERN THAT SOME GOVERNORS AND MEMBERS OF CONGRESS HAVE EXPRESSED ABOUT THE DECLARATION PROCESS AND ARE GIVING THESE MATTERS CAREFUL

CONSIDERATION. DURING APRIL OF THIS YEAR, WE EXPECT TO PROPOSE RULEMAKING THAT WILL REFLECT OUR CURRENT POLICIES AND PROCEDURES. CONCURRENTLY, WE WILL BE PUBLISHING SUGGESTED FORMATS WHICH GOVERNORS MAY USE IN PREPARING LETTERS REQUESTING DECLARATIONS OF MAJOR DISASTERS OR EMERGENCIES. ALTHOUGH NOT MANDATORY NOR PRESCRIBED, THESE FORMATS, WHEN FOLLOWED, SHOULD ASSURE COMPLETENESS AND ADEQUACY OF INFORMATION TO JUSTIFY THE REQUEST FOR A PRESIDENTIAL DECLARATION AND THIS SHOULD AVOID DELAYS IN PROCESSING.

THIS HAS BEEN A SUMMARY OF THE PRESIDENT'S DISASTER RELIEF PROGRAM AND PROPOSED CHANGES WHICH WE SPECIFICALLY RECOMMEND.

MR. CHAIRMAN, THIS CONCLUDES MY STATEMENT.

Federal Emergency Management Agency
Washington, D.C. 20472

MAR 1 1982

Honorable Frank H. Murkowski
Chairman, Subcommittee on
Regional and Community Development
Environment and Public Works Committee
United States Senate
Washington, DC 20510

Dear Senator Murkowski:

During 1981 I forwarded to the President of the Senate and the Speaker of the House three sets of legislative proposals on behalf of the Administration. In light of your budget hearings on the Disaster Relief Act of 1974, scheduled for March 2, I wish to take this opportunity to confirm our interest in these matters. I urge your Committee to favorably consider these measures because their enactment would result in cost savings to the Federal Government and greater program efficiency.

A most important proposal would amend the Disaster Relief Act to explicitly require a 75% Federal, 25% State and local share of the costs for debris removal and the permanent restoration of damaged public facilities. This amendment would ensure that this type of Federal disaster assistance would be supplemental to the efforts and resources of State and local governments. The supplemental nature of Federal disaster assistance has always been a central principle of the legislation.

This proposed amendment appears in section 4 of S. 1217, as introduced by Senator Stafford on his and your behalf. Section 3 of that bill would amend section 404 of the Disaster Relief Act to make improvements in the temporary housing program. A principal change would be the elimination of mandatory one-year rent free period for temporary housing.

S. 1216, also introduced by request, would authorize the Attorney General to institute litigation to recover disaster expenditures from any party or parties which caused, or contributed to the effects of, a major disaster or emergency. This important proposal would clarify the authority of the Government to seek recovery of funds and thereby reduce outlays.

On September 9, 1981, I forwarded a number of additional proposals to the President of the Senate and the Speaker of the House which have not yet been introduced. The most important of these would expand the use of section 419. This section provides for the expedited processing of small project grants. The proposed amendment would extend the application of section 419 to all projects less than $25,000. We anticipate that a significant reduction in both the administrative costs to the Federal Emergency Management Agency and the financial burden on State and local governments would result.

We have been pleased to discuss these and alternative proposals with your staff. I urge you to call on us if we can provide additional technical assistance.

Sincerely,

George W. Jett
General Counsel

STATEMENT OF ALBERT P. SMITH, JR.
FEDERAL COCHAIRMAN
APPALACHIAN REGIONAL COMMISSION

Good morning Chairman Murkowski and members of the Subcommittee. I am here today to present the views of the Administration on the programs of the Appalachian Regional Commission.

1983 BUDGET

The Administration's program for 1983 proposes the termination of the Appalachian Regional Commission and the elimination of Federal funding for the non-highway programs, the access road program, and the salaries and expenses portion of the Appalachian Regional Commission effective September 30, 1982. The Department of Commerce will assume responsibility for Commission termination activities on October 1, 1982. A total of $15 million has been deferred from the 1982 appropriation for termination activities.

Funding for the Appalachian Development Highway System would be provided at the rate of $80 million a year for four years beginning in 1983 and funded from the Highway Trust Fund in the Federal Highway Administration budget. These highway funds would be used to complete staged highway construction projects, repay States that have used State funds in anticipation of later reimbursement from the Federal Government, and allow for the transition period when funding of the Appalachian Highway System is provided from the States primary system allocation.

The Administration's proposed termination of the Commission is based on the rationale that the 1981 Economic Recovery Program will eliminate the need for Federally subsidized economic development programs. In addition, the Administration believes that economic development programs of this type are the responsibility of State and local governments.

This concludes my prepared remarks. If you have any questions, I will be happy to answer them.

STATEMENT OF CHARLES H. DEAN, JR.
CHAIRMAN, BOARD OF DIRECTORS
TENNESSEE VALLEY AUTHORITY
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

MARCH 2, 1982

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, THIS STATEMENT PROVIDES HIGHLIGHTS OF TVA'S PROPOSED BUDGET PROGRAM FOR FISCAL YEAR 1983. WE ARE PLEASED TO PROVIDE THIS INFORMATION TO ASSIST THE COMMITTEE IN REPORTING TO THE BUDGET COMMITTEE ON THE $119.5 MILLION REQUESTED BY PRESIDENT REAGAN IN FISCAL YEAR 1983 FOR TVA.

IN THIS TIME OF BUDGETARY AND PERSONNEL STRINGENCY, IT IS ESSENTIAL THAT TVA CONTINUE TO STRESS EFFICIENT OPERATIONS. I WISH TO REPORT ON SEVERAL RECENT ACTIONS WHICH, ALONG WITH OTHER ACTIVITIES ALREADY IN PLACE, WILL HAVE A SIGNIFICANT IMPACT ON CONTROLLING COSTS, IMPROVING PRODUCTIVITY, AND MINIMIZING WASTE.

THE ENVIRONMENT AND PUBLIC WORKS COMMITTEE DURING OVERSIGHT HEARINGS A YEAR AGO URGED THE TVA BOARD OF DIRECTORS TO ASSESS THE TVA MANAGEMENT STRUCTURE FOR THE PURPOSE OF ACHIEVING GREATER EFFICIENCY, AND CUTTING COSTS. WE ARE PLEASED TO REPORT PROGRESS IN THESE AREAS.

All of TVA's major planning decisions affecting programs funded with both appropriated and power funds are now made in accordance with the procedures and schedule of its corporate planning system. This permits linking all annual budgeting and operating decisions to long-range strategic goals as determined at TVA's annual policy conference in November.

TVA's cost management and responsibility reporting system is being expanded to include all areas of operation, including appropriated programs. This system presents monthly expenditure data to managers at all levels. These data are compared to planned expenditures as developed in the annual planning process as an aid in performance monitoring. This timely reporting system permits managers at all levels to identify quickly any significant deviations from the operating plan and to take corrective action.

In the aftermath of the committee's oversight hearings, TVA engaged the management consulting firm of Coopers & Lybrand to conduct an independent assessment of TVA's internal control system. While the firm said that, for the most part, TVA's internal control procedures were well designed, Coopers & Lybrand also recommended that an Office of Audit and Evaluation, independent of line organizations, be established in the General Manager's office to pull together at the corporate level the functions of audit, CORPORATE INDUSTRIAL ENGINEERING, AND PROGRAM EVALUATION. THIS OFFICE HAS NOW BEEN ESTABLISHED AND IT HAS DIRECT ACCESS, AS NEEDED, TO THE BOARD OF DIRECTORS. THIS ORGANIZATIONAL CHANGE WILL ENHANCE TVA'S INTERNAL CONTROL SYSTEM ALONG LINES RECOMMENDED BY COOPERS & LYBRAND.

IN ADDITION, TVA HAS ESTABLISHED A SEPARATE AUDIT REVIEW GROUP CHAIRED BY THE GENERAL MANAGER TO ENSURE APPROPRIATE FOLLOWUP OF ALL TVA AUDIT REPORTS, EMPLOYEE AND CONTRACTOR CONDUCT INVESTIGATIONS, PROGRAM EVALUATIONS, AND RECOMMENDATIONS TO IMPROVE MANAGEMENT EFFICIENCY. THROUGH THIS ADDED INTERNAL OVERSIGHT, ANY PROBLEMS IDENTIFIED IN TVA'S MANAGEMENT OPERATIONS CAN BE PROMPTLY ADDRESSED AND CORRECTIVE MEASURES TAKEN.

MR. CHAIRMAN, TVA IN ITS FISCAL YEAR 1983 BUDGET PROGRAM IS FOCUSING MORE THAN EVER ON THOSE ACTIVITIES THAT IT DOES BEST. WE ARE STRIVING TO MANAGE EACH DOLLAR WITH THE GREATEST FRUGALITY, YET BALANCE THAT WITH CONCERN FOR THE WELL BEING OF THE 8 MILLION PEOPLE IN THE TENNESSEE VALLEY.
THE FISCAL YEAR 1983 BUDGET PROGRAM REFLECTS TVA'S GUIDING PHILOSOPHY OF HELPING THOSE COMMUNITIES AND INDIVIDUALS WITHIN THE TENNESSEE VALLEY WHO ARE WILLING TO HELP THEMSELVES. TVA BELIEVES THAT THE FUNDAMENTAL RESOURCES NEEDED FOR THE ECONOMIC DEVELOPMENT OF THE VALLEY--LAND, WATER, ENERGY, PEOPLE, AND COMMITMENT--ARE PRESENT. TVA CAN HELP PUT THESE RESOURCES MORE FULLY TO WORK BY SHARING WITH THE STATES,

COUNTIES, COMMUNITIES, PRIVATE INDUSTRIES, AND CITIZENS THE SKILLS AND CAPABILITIES IT HAS DEVELOPED OVER THE YEARS IN MEETING ITS STATUTORY OBLIGATIONS.

BY FOLLOWING THE PRECEPT OF HELPING THOSE WHO ARE WILLING TO HELP THEMSELVES, TVA CAN SEE ITS RESOURCES ACHIEVE THE KIND OF DIRECT RESULTS THAT BUILD ON THE REGION'S STRENGTHS. TVA PROGRAMS THAT HAVE ACHIEVED THEIR OBJECTIVES ARE EITHER PHASED OUT OR TRANSFERRED TO OTHERS FOR IMPLEMENTATION. THIS IS IN KEEPING WITH TVA'S GOAL OF STRENGTHENING PRIVATE ENTERPRISE THROUGHOUT THE TENNESSEE VALLEY AREA. IN MANY INSTANCES THE VALLEY'S ACHIEVEMENT SUPPORTED BY TVA ARE EQUALLY BENEFICIAL TO THE NATION AS A WHOLE.

NATURAL RESOURCES DEVELOPMENT

THE IMPLEMENTATION OF TVA'S RESPONSIBILITIES HAS RESULTED IN THE ACQUISITION OF TREMENDOUS PHYSICAL RESOURCES--LAND, BUILDINGS, LOCKS AND DAMS, GENERATING STATIONS, ROADS, RECREATION FACILITIES, LABORATORIES, AND OTHER REAL PROPERTY. TVA'S PROGRAMS ARE DIRECTED AT THE PROPER MAINTENANCE AND USE--STEWARDSHIP--OF THESE RESOURCES. ALL OF THIS PROPERTY--ESPECIALLY THE LAND--IS REGARDED BY TVA AS AN ASSET OF THE AMERICAN PEOPLE ENTRUSTED TO TVA FOR PROPER CARE AND USE. THIS PHILOSOPHY OF STEWARDSHIP--COMBINED WITH TVA'S UNIQUE RANGE OF CAPABILITIES AND KNOWLEDGE--MAKES POSSIBLE AN APPROACH THAT FULLY USES THESE RESOURCES FOR THE BENEFIT OF

THE VALLEY AND THE NATION TODAY WHILE PRESERVING AND ENHANCING THEIR VALUE TO FUTURE GENERATIONS.

AS THE CUSTODIAN OF A UNIFIED SYSTEM OF 49 RESERVOIRS IN THE TENNESSEE VALLEY AND 9 OTHERS IN THE CUMBERLAND RIVER BASIN, TVA MUST OPERATE THESE RESOURCES FOR FLOOD CONTROL, NAVIGATION, AND POWER PRODUCTION. FISHERIES, WILDLIFE, RECREATION, AND OTHER WATER USES ARE ALSO PROMOTED AND PRESERVED BY TVA TO THE EXTENT THEY ARE CONSISTENT WITH TVA'S PRIMARY PURPOSES. TVA APPROACHES ITS TASK WITH THE INTENT OF HARMONIZING ECONOMIC AND ENVIRONMENTAL INTERESTS. SOME OF THE PROGRAMS WHICH SAFEGUARD AND IMPROVE TVA'S NATURAL RESOURCES ARE:

- REGIONAL WATER MANAGEMENT, FOCUSING ON WATER QUALITY IN TVA RESERVOIRS, ENCOURAGING VALLEY STATES TO CORRECT WATER QUALITY PROBLEMS ADVERSELY AFFECTING THE REGION'S WATERS, AND, IN CONCERT WITH THE STATES, IDENTIFYING WATER QUALITY AND QUANTITY CONSTRAINTS PREVENTING FULL BENEFICIAL USE OF THE VALLEY'S SURFACE AND GROUND WATER.

- MULTIPURPOSE RESERVOIR OPERATIONS, RELATED TO THE PRIMARY AND SECONDARY BENEFITS OF THE TVA INTEGRATED WATER CONTROL SYSTEM. INCLUDED IN THIS CATEGORY ARE WATER CONTROL OPERATIONS, INVOLVING DAILY RELEASES FROM THE

RESERVOIR SYSTEM TO MANAGE WATER FLOW, DAM SAFETY ANALYSIS OF 18 DAMS WITH KNOWN OR POSSIBLE AREAS OF SAFETY-RELATED IMPROVEMENTS, DAM MAINTENANCE, AND RESERVOIR LAND PLANNING INVOLVING SINGLE AND MULTIPLE LAND-USE ALLOCATIONS FOR TVA LAND TRACTS.

o RESERVOIR RELEASES IMPROVEMENT, TESTING ALTERNATIVE MEASURES TO IMPROVE THE DISSOLVED OXYGEN CONTENT IN WATER RELEASED THROUGH DAMS WHERE DISSOLVED OXYGEN IS NATURALLY LOW DURING THE LATE SUMMER AND EARLY FALL.

o FORESTRY RESOURCES, DESIGNED TO PROMOTE WISE MANAGEMENT AND USE OF THE VALLEY'S TIMBER. PRESENTLY UNDERUSED, THIS RESOURCE HAS THE POTENTIAL TO SUPPLY 30 MILLION TONS OF WOOD EACH YEAR FOR NEW AND EXPANDING FOREST INDUSTRIES AND FOR DIRECT COMBUSTION AND ALCOHOL FUEL ENERGY USES. THE TECHNOLOGY DEVELOPED IN THIS PROGRAM IS TRANSFERRED TO VALLEY STATES, THE U.S. FOREST SERVICE, AND THE PRIVATE SECTOR FOR IMPLEMENTATION.

ECONOMIC AND COMMUNITY RESOURCES

TVA'S ECONOMIC AND COMMUNITY RESOURCES PROGRAM ASSISTS COMMUNITIES IN DEVELOPING STRONG LOCAL ECONOMIES THAT PROVIDE PRIVATE SECTOR JOBS. TVA'S ECONOMIC AND COMMUNITY RESOURCE PROGRAMS ARE BASED ON THE FOLLOWING PRECEPTS:

--LIMITED, IF ANY, DIRECT FINANCIAL ASSISTANCE;

--SELF-RELIANCE, NOT DEPENDENCY, IS THE GOAL (ABSENCE OF OPERATING SUBSIDIES, FOR EXAMPLE);

--TECHNICAL ASSISTANCE IS DEPENDENT UPON LOCAL, STATE, OR PRIVATE SECTOR COMMITMENTS;

--PROGRAMS NO LONGER NEEDED ARE ELIMINATED OR RESPONSIBILITIES ARE TURNED OVER TO OTHERS;

--STRENGTHENING OF PRIVATE ENTERPRISE IS A MAJOR FOCUS; AND

--COLLABORATION WITH PRIVATE SECTOR AND OTHER GOVERNMENTAL ENTITIES IS ROUTINE; RELATIONSHIPS ARE FLEXIBLE AND PRAGMATIC.

ON THE BASIS OF THIS PHILOSOPHY, TVA'S EFFORTS IN RECENT YEARS HAVE HELPED LOCAL PEOPLE PUMP NEW LIFE INTO DECAYING DOWNTOWN BUSINESS DISTRICTS, RECAPTURE A SPIRIT OF COMMUNITY SELF-CONFIDENCE AND DIRECTION, DEVELOP COOPERATIVE BUSINESS ENTERPRISES, AND AVOID THE ECONOMIC LOSSES OF RECURRING FLOODS, AMONG MANY OTHER "SELF-HELP" ENDEAVORS. ASSISTANCE IS IN RESPONSE TO SPECIFIC NEEDS, NOT GENERALIZED REGIONAL "PLANS." THESE EFFORTS CONSCIOUSLY AVOID MASSIVE INFUSION OF FEDERAL MONEY OR REGULATION. TVA'S IS A POSITIVE "CAN DO" ATTITUDE THAT RESPONDS TO LOCAL DECISIONS AND INITIATIVE.

AMONG THE PRINCIPAL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS ARE THESE:

- NAVIGATION DEVELOPMENT AND ENGINEERING ASSISTANCE, THROUGH WHICH TVA ADVISES COMMUNITIES, DEVELOPMENT AGENCIES, AND BUSINESSES ON FURTHER DEVELOPMENT OF THE TENNESSEE RIVER WATERWAY AND PROVIDES ENGINEERING ASSISTANCE TO THOSE WHO SEEK IT.

- ECONOMIC DEVELOPMENT AND ANALYSIS, PROVIDING COMMUNITIES RELIABLE ECONOMIC AND DEMOGRAPHIC DATA THAT IS DRAWN PRIMARILY FROM SOURCES AND DATA DEVELOPED THROUGH THE MANAGEMENT OF TVA'S POWER SYSTEM.

- SPECIAL OPPORTUNITIES COUNTIES AND CITIES, HELPING TO STIMULATE INVESTMENT IN THE REGION'S POOREST, LEAST DEVELOPED AREAS, LEADING TO THE EXPANSION OF PRIVATE SECTOR EMPLOYMENT. TVA HELPS WITH THE DESIGN AND IMPLEMENTATION OF LOCAL DEVELOPMENT STRATEGIES TO REVERSE ECONOMIC TRENDS IN TARGETED AREAS.

- FLOODPLAIN MANAGEMENT, IN WHICH TVA EQUIPS COMMUNITIES AND INDIVIDUAL DECISIONMAKERS WITH THE CAPACITY TO PLAN FOR PROPER USE OF THE FLOODPLAIN AND THEREBY STIMULATE ECONOMIC GROWTH WHILE AVOIDING FUTURE FLOOD DAMAGE.

AGRICULTURAL RESOURCES DEVELOPMENT

TVA WILL CONTINUE TO STRENGTHEN THE AGRICULTURAL RESOURCES OF THE VALLEY. TVA'S ROLE IN UPGRADING AGRICULTURAL EFFICIENCY, PRODUCTIVITY, AND INCOME HAS BEEN TO INTRODUCE NEW TECHNOLOGIES, INCLUDING CONSERVATION, IMPROVED FERTILIZERS, HIGH-VALUE CROPS, FARM MANAGEMENT SYSTEMS, AND MARKETING INNOVATIONS. TVA'S AGRICULTURAL DEVELOPMENT PROGRAM IS FOUNDED ON THE CONCEPT OF COOPERATION AMONG TVA, STATE LAND-GRANT UNIVERSITIES, THE U.S. EXTENSION SERVICE, AND VALLEY FARMERS. TVA PURSUES A LIMITED NUMBER OF ITS PROGRAM OBJECTIVES THROUGH ITS DIRECT STAFF, AND ALSO PROVIDES SEED MONEY TO STIMULATE INVOLVEMENT OF OTHER AGRICULTURAL INTERESTS.

ACTIVITIES ARE CONDUCTED LARGELY THROUGH STATE LAND-GRANT UNIVERSITIES AND THEIR EXTENSION SERVICE ORGANIZATIONS. UNIVERSITY RESEARCHERS HELP DEVELOP AND EVALUATE ALTERNATIVE SOLUTIONS TO PROBLEMS. OTHER STATE AND FEDERAL AGENCIES AND LOCAL DEVELOPMENT ASSOCIATIONS ARE ALSO INVOLVED. PROJECTS INCLUDE COMPUTER-PROGRAMMED WHOLE-FARMS, INTRODUCTION OF NEW CROP OR LIVESTOCK ENTERPRISES ON SMALL FARMS, MARKET DEVELOPMENT, PRODUCTIVE USES OF FARM WASTES, AND IMPROVING ENERGY-USE EFFICIENCY ON FARMS.

NATIONAL FERTILIZER DEVELOPMENT

TVA'S FERTILIZER RESEARCH AND DEVELOPMENT PROGRAM--MANAGED BY THE NATIONAL FERTILIZER DEVELOPMENT CENTER IN MUSCLE SHOALS, ALABAMA--WILL CONTINUE TO DEVELOP EFFICIENT, LOWER COST FERTILIZERS USING ENVIRONMENTALLY SAFE PROCESSES REQUIRING LESS ENERGY. ABOUT THREE-FOURTHS OF THE 50 MILLION

TONS OF FERTILIZER USED IN THE UNITED STATES ANNUALLY IS BASED ON PAST TVA RESEARCH EFFORTS.

THE NATIONAL FERTILIZER DEVELOPMENT CENTER'S MISSION INCLUDES (1) DEVELOPING BETTER FERTILIZERS, (2) CREATING MORE EFFICIENT WAYS TO MANUFACTURE THEM, (3) FINDING WAYS TO USE FERTILIZERS MORE EFFECTIVELY, AND (4) MAKING AVAILABLE NEW TECHNOLOGY TO CHEMISTS, ENGINEERS, SOIL SCIENTISTS, EDUCATORS, AND MARKET SPECIALISTS.

MAJOR EFFORTS IN FISCAL YEAR 1983 WILL CONCENTRATE ON IMPROVING NITROGEN FERTILIZER EFFICIENCY AND CONSERVATION IN PHOSPHATE PROCESSING. SOME OF THE PROGRAMS INCLUDED IN TVA'S BUDGET REQUEST ARE:

- PHOSPHATE ENHANCEMENT, A RESEARCH PROGRAM DESIGNED TO CONVERT LOW-GRADE PHOSPHATE ROCK INTO FERTILIZER. PHOSPHATE IS AN ESSENTIAL INGREDIENT IN MODERN FERTILIZERS, PRODUCING EARLY MATURITY IN PLANTS, INCREASING ROOT GROWTH AND SUPPORTING THE REPRODUCTIVE CAPABILITY OF PLANT LIFE.

- AMMONIA FROM COAL PILOT PLANT, DEMONSTRATING MODERN INDUSTRY-DEVELOPED COAL GASIFICATION TECHNOLOGY WHICH CAN PROVIDE AN ALTERNATIVE TO NATURAL GAS AS A FEEDSTOCK FOR MAKING AMMONIA, THE SOURCE OF NEARLY ALL NITROGEN IN FERTILIZERS.

- Hardwood fuels research, involving the development in collaboration with the U.S. Forest Products Laboratory of a viable process using acid hydrolysis for production of ethanol from wood. Development of a technology to increase the alcohol yield from 40 gallons per ton of wood to 80 gallons would go far toward making this an economically desirable product.

CONCLUSION

These are the highlights of TVA's 1983 fiscal year budget program. TVA believes it to be a reasonable approach to carrying out the responsibilities vested in TVA by Congress. TVA would be pleased to provide additional details on any matters of interest to the Committee.

TENNESSEE VALLEY AUTHORITY
KNOXVILLE, TENNESSEE 37902

OFFICE OF THE BOARD OF DIRECTORS

March 3, 1982

The Honorable Robert T. Stafford, Chairman
Committee on Environment and Public Works
The United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter transmits to you and members of the Committee on Environment and Public Works a report on the decisions and actions taken by the Tennessee Valley Authority in response to the Committee's recommendations and conclusions following its oversight hearing of TVA on March 16-17, 1981.

As the Committee made clear in its report, implementation of the recommendations was to be left to the judgment of the TVA Board of Directors and top management. We believe that the many decisions and actions set forth in the enclosed report have been responsive to the Committee's interest in TVA's improving its credibility and enhancing its management and operations.

On behalf of the TVA Board, I want to thank the Committee and its staff for the constructive spirit and forward-looking perspective that characterized the oversight hearings and the subsequent recommendations and conclusions. TVA has done its best to respond in the same spirit and with the same perspective.

The TVA Board and its management stand ready to provide additional details of the material that is summarized in the following pages. We would, of course, welcome any further comments or recommendations the Committee might wish to offer.

With every good wish.

Sincerely,

C. H. Dean, Jr.
Chairman

Enclosure

REPORT OF THE TENNESSEE VALLEY AUTHORITY
TO THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE
ON THE COMMITTEE'S "RECOMMENDATIONS AND CONCLUSIONS"
FOLLOWING ITS OVERSIGHT HEARINGS
MARCH 16-17, 1981

Construction Program

The Committee requested TVA to monitor the growth in power demand and to review the accuracy of the forecasts of future demand for electricity. Following the hearings TVA accelerated its review of demand forecasts and the nuclear construction schedule which had begun in 1978 and, on the basis of this analysis, decided in July 1981 to defer construction at TVA's Phipps Bend Nuclear Plant unit 1 and to stretch out construction at Hartsville A units 1 and 2 and at Yellow Creek unit 1. As declared at the oversight hearings, TVA is committed to provide sufficient new generating capacity to support a high rate of economic growth in the Tennessee Valley. However, two developments in the spring of 1981 made it appear likely that this high rate of economic growth could be achieved with less new generating capacity than previously estimated. These developments were:

> A review of Department of Energy (DOE) requirements for uranium enrichment facilities at Oak Ridge, Tennessee, and Paducah, Kentucky, indicated lower requirements in power load during the 1980's than had been estimated by TVA in 1980.
>
> Revisions by the U.S. Department of Commerce in the regional economic growth rates completed in June 1981 for TVA's annual economic outlook revealed that the economy in the Tennessee Valley actually grew faster in 1973-1979 than earlier estimates by the Department of Commerce had indicated, even though electricity growth lagged. Thus, consumers have conserved more electricity in recent years than the data previously suggested. This trend pointed to lower future loads even though TVA's projections for healthy economic growth have not changed. The adjustments in the nuclear construction schedule made in July 1981 reduced interest costs by $27 million in 1982, increasing to about $250 million annually in reduced interest expense by the mid-1980's.

In announcing this decision, TVA General Manager William F. Willis indicated that further changes in the construction schedules might be necessary as TVA continued its review and analysis of estimated power loads in future years.

This continuing review further resulted in an "options paper" that examines the advantages and disadvantages of several courses of action in light of TVA's updated load forecast. The paper was released to Congress and the public in early January 1982. Three alternatives were analyzed by TVA.

> Continue construction at Hartsville A units 1 and 2 and at Yellow Creek unit 1 and reduce coal-fired generation or retire existing coal-fired plants as surplus capacity develops.

- Defer construction of the three units and maintain the flexibility to restart construction or replace with coal-fired capacity (if high load growth occurs) or defer construction indefinitely (if low load growth occurs).

- Continue construction of the units and, if possible, develop arrangements to exchange power with other utilities for the period when TVA would have excess capacity.

The TVA Board of Directors has requested public comment on the current load forecast and whether on the basis of this forecast additional modifications to the present construction schedule are advisable. TVA Board members have participated in public roundtable discussions sponsored by the League of Women Voters and heard additional public comment at its Board meeting on February 3, 1982. All written comments are being analyzed and responded to by TVA. The detailed analysis of the options, including the revised load forecast and its assumptions, is contained in the options paper that has been made available to the Committee and its staff.

Federal Financing Bank

The Committee report noted the importance to TVA of continued access to financing through the Federal Financing Bank and urged a careful evaluation of any policy decision to prohibit FFB from purchasing TVA bonds. We concur with the Committee's conclusion that TVA does not receive an interest subsidy in its financing arrangement with FFB and simply has the benefits of the debt management capabilities of the Treasury and the high regard that the market holds for Treasury borrowings.

In May 1981 OMB raised the argument that TVA's use of the FFB does confer a direct subsidy because FFB is purchasing TVA's long-term bonds with funds raised by the Treasury from the issuance of higher interest short-term debt. The amount of this subsidy, according to OMB, is computed by comparing the rate charged TVA with the average interest rate paid by the Treasury on all of its new or incremental borrowings in the current market (rather than the interest rate for only comparable long-term Treasury issues).

This approach is inappropriate because it does not account for a short-term phenomenon that had been occurring at the time, i.e., the interest rates for short-term Treasury borrowings (which are important determinants of Treasury's average rate) were higher than the interest rates for long-term Treasury borrowings (which provide the basis for the interest rates charged TVA). If a comparison is made of the average monthly rates on all Treasury borrowings to the actual interest rates applied by the Treasury to TVA long-term borrowings at the times that TVA bonds were purchased, it is found that, for the presently outstanding 27 TVA bond issues, the Treasury would have received $445 million less if interest rates had been established under the OMB proposal.

If the Treasury had any question about how long the present difference in interest rates will last, it possesses the authority to ensure that no subsidy flows to TVA. The Treasury can match each loan to TVA by a sale of long-term Treasury bonds of identical maturity and charge TVA at least the resulting rate on those bonds. Moreover, if interest rates decline, the Treasury can realize an even greater profit over the entire life of the TVA bonds by refinancing its original short-term securities at much lower interest rates. In 1982 the traditional relationship between long and short term rates appears to be returning.

Coal Procurement Program

The Committee urged TVA to carefully review its coal procurement activities in light of comments received at the hearings and those of the U.S. General Accounting Office (GAO) and, further, to consider restructuring the management of the program and to enter into coal contracts which place TVA in the most advantageous financial position.

TVA disagreed with many of the comments and conclusions contained in the GAO report, "TVA Coal Procurement Practices - More Effective Management Needed" (EMD-81-65). A rebuttal by TVA to the GAO report is found in appendix 1 to the report.

In particular, the GAO failed to address the critical indicator of how well TVA manages its coal purchasing program: the fact that, for the period of time examined, TVA paid less per ton of coal received than any other electric system in the region except for a company which has generating plants located in the heart of the Kentucky coalfields. This was achieved during a period of rapidly escalating coal prices and when TVA had no choice but to purchase higher cost low-sulfur coal in order to comply with air quality laws and regulations. TVA has exercised reopener clauses in its long-term coal contracts whenever such action was feasible and in the economic interest of its customers.

GAO recommended many actions which TVA was already doing. For example, GAO criticized the size of TVA's coal inventories. GAO noted that as of June 1, 1981, while the United Mine Workers' strike was still in progress, TVA had an inventory in excess of 11 million tons, or a 120-day supply of coal at expected usage, which implied that TVA had too much coal under contract. Subsequent events have proven the prudence of TVA's coal inventory strategy. It depends on the facts in each instance. Given current high interest rates and peace in the mining industry, TVA now plans to allow its inventories to decline in fiscal year 1982 to well below TVA's normal target level of 10.9 million tons.

GAO also criticized the present truck coal sampling system at TVA's Kingston Steam Plant. TVA informed GAO that a solution to this problem was already underway: the purchase of a new coal handling facility was in progress. On September 17, 1981, the TVA Board approved the award of a contract for the supply and installation of the facility that includes a belt-type coal sampler to provide a representative sample of coal, regardless of the manner in which the truck was loaded. This project, that was under study prior to the GAO report, is projected to be completed by fall of 1982.

GAO commented that TVA coal stockpile densities are understated and criticized TVA for not immediately applying the initial results of new measurements obtained by using nuclear source detection. Because the initial results of this new measurement method were still inconclusive, additional nuclear source detection measurements were scheduled for the summer of 1981 to confirm previous tests in 1980. The results obtained in the July 1981 nuclear density test did confirm the densities obtained in 1980; therefore, the new density values have been used and present stockpile calculations reflect this change.

GAO stated that TVA had not pursued a small coal producer assistance program with sufficient vigor. This program was instituted by TVA. No other power producer has a similar program, as far as can be determined. Although purchases under the program had been somewhat limited because TVA has not bought a great deal of coal since the program was implemented, a study is now underway to determine if there are ways in which the program can be improved. In any event, 62 percent of the coal TVA bought during the period reviewed by GAO was purchased from firms considered by the Small Business Administration to be small business concerns.

Continued and rapid changes in the energy market and changes in TVA's coal requirements make it imperative that the coal purchase program receive continuing review. Such a comprehensive program evaluation has been initiated by the General Manager's office. TVA will be pleased to share the results of this evaluation with the Committee when it is completed in fiscal year 1983.

Low-Income Senior Citizens

The Committee recognized the severe financial problem faced by many elderly, fixed-income ratepayers in the Tennessee Valley caused by escalating power costs. Due to TVA's promotion of the use of low-cost electric power, the per capita use of electricity in the Tennessee Valley is higher than in other regions of the country. This places a particularly heavy burden on elderly, fixed-income electricity customers. The Committee requested that the TVA Board further evaluate the problem and recommend remedies that could help those senior citizens in greatest need.

While elderly poor consumers generally consume less energy than those with higher incomes, they pay a higher percentage of their disposable income for this consumption (20 to 45 percent based on a DOE-supported study by Trans Century Corporation).

There are approximately 308,000 ratepayers within the TVA service area who are over 65. Approximately 53 percent (163,000) earn less than $5,000 per year and 15 percent (47,000) earn between $5,000-$7,499. Both groups can be reasonably classified as low income. We also estimate that 34 percent (105,000) of all over-65 ratepayers use electricity as a primary source of heat, and 24 percent (74,000) use electricity as a secondary source of heat. Therefore, roughly 58 percent (122,000) of the 210,000 low-income elderly would constitute those persons in special need.

TVA's Existing Efforts

TVA has joined forces with interested power distributors to develop and implement programs designed to assist the elderly in reducing their home energy costs. The following lists some of the major efforts presently underway:

Home Insulation Program (HIP)--Free home energy audits are available for all electricity consumers, and interest-free loans are available for installing weatherization measures in electrically heated and cooled homes (both owned and rented units). Of the 134,174 free audits conducted under this program this year, 11 percent were conducted on homes occupied by heads of households over 65. TVA is currently examining ways to encourage more senior citizens to participate in this program.

Senior Citizen Counseling Programs--These programs involve special senior counselors, employed either by a power distributor or local aging organization, who work with other senior citizens on energy-related problems. The counselors are trained in energy conservation by TVA. Since the projects were initiated in 1980, approximately 5,000 senior citizens have been contacted. As resources for training become available, additional senior counselors will be added.

Public Housing and Privately Owned Rental Initiatives--Recognizing that many elderly and low-income persons reside in rental dwellings and that the Home Insulation Program was not representatively reaching this market, TVA in fiscal year 1981 targeted the public housing and private rental markets as areas of concentration for encouraging electricity conservation. These efforts have helped to bring about free energy audits on over 29,000 public housing authority dwelling units and 34,000 privately owned rental dwelling units.

Survival Kit--TVA, under a research and development effort, has installed warm-room modules in the homes of approximately 40 elderly persons. The warm-room concept involves the super insulating of one or two rooms in a house as opposed to whole-house weatherization. In November 1981 the Home Insulation Program was expanded to include the warm-room emphasis as eligible for interest-free financing.

Mobile Home Research--TVA is currently conducting applied research on approximately 40 mobile homes to determine if the ceiling cavities can be insulated in a cost-effective manner without creating moisture problems. If this proves to be feasible, TVA will include mobile homes in its home insulation program. Many elderly poor live in mobile homes and could benefit from this initiative.

Energy Education--TVA provides informational materials to the public on energy conservation. Special efforts are taken to ensure that the materials are suitable for elderly persons. Additionally, to help encourage conservation TVA conducts energy education workshops for social service agencies that are in daily contact with the elderly.

Group Home for the Elderly--TVA has designed a solar-heated, family-style group home for the elderly which could be used by anyone interested in the "share-a-home" concept, an idea with growing acceptance.

Outreach--TVA is presently market testing various outreach efforts to determine the best approach to reach elderly and low-income consumers with energy conservation information.

TVA is prepared to meet with committee members and staff to explore other possible approaches for achieving such benefits for the elderly poor.

Environmental Quality

The Committee's comments concerning TVA's efforts to decrease air pollution emissions from its coal-fired power plants under the 1978 consent agreement between TVA and the Environmental Protection Agency are an important expression of support for TVA's commitment to achieving air quality. TVA believes that environmental quality is not only compatible with but essential to long-term economic growth in the Tennessee Valley. For this reason TVA has emphasized environmental quality in all its operations, especially its power program, the cornerstone of TVA's economic development strategy for the Tennessee Valley. In a July 24, 1981, letter to Chairman Stafford, TVA Chairman Dean submitted a more detailed explanation of TVA's recent experience and accomplishments in bringing its electric generating plants into compliance. A copy of that statement follows.

TENNESSEE VALLEY AUTHORITY'S EXPERIENCE WITH THE CLEAN AIR ACT

The basic goal of the Clean Air Act, as amended, is "to protect and enhance the quality of the Nation's air resources so as to promote public health and welfare and the productive capacity of its population." The Tennessee Valley Authority (TVA) finds this purpose as important today as when it was originally formulated by Congress. TVA finds that the air quality controls and systems of Federal-State responsibility contained in the Act generally support this goal.

TVA is charged by the TVA Act of 1933 with promoting the control, conservation, and wise use of the natural resources of the Tennessee Valley and with providing for agricultural and industrial development in cooperation with the Valley States. TVA is also the Nation's largest producer of electricity: some 125 billion kilowatthours (kWh) in fiscal year 1980. Coal-fired generation supplied over 80 billion kWh or about two-thirds of all electricity generated by TVA. Translated into terms of coal consumption (35.8 million tons in 1980), TVA is one of the Nation's largest consumers of coal.

TVA's Concern For Air Resources

The need to find a way to accommodate economic development within a sensible framework of resource conservation has never been more urgent. In a modern, industrialized society, the dream of economic prosperity and the dream of maintaining a liveable environment cannot both be realized without conscious planning and effort. As the economy expands, the Valley and the Nation will depend more heavily on a finite resource base to supply basic necessities, support jobs, absorb its byproducts, and provide for leisure enjoyment. The Nation's people will need to satisfy multiple--and often conflicting--demands on a single resource, such as the air, for purposes of human health, industrial development, agricultural and forest production, recreation, preservation of cultural assets, wildlife, and waste disposal. The Nation will need to make maximum use of each resource without sacrificing the quality of the others or disturbing the balance of the natural system itself. Finally, the Tennessee Valley as well as other regions of the country must realize that they do not exist in environmental or economic isolation, and that their individual resource decisions can produce far-reaching national and international impacts.

The basic premise on which TVA was founded is the same premise that guides the Agency today: The well-being of the Valley's people is inextricably linked to economic prosperity and wise use and conservation of the region's natural resources. In simpler terms the TVA Act directs the Agency to help the people of the Valley improve their economic lot in a way that appropriately conserves all of our resources. TVA demonstrated in its early years that reforestation and control of soil erosion were vital to the region's economic base. Today TVA's goal is to show that resource conservation and environmental quality are not only compatible with but essential to economic prosperity.

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1. Clean Air Act, Section 101(b)(1).

TVA is demonstrating this principle with its power program, the cornerstone of its economic development strategy. TVA's twelve coal-fired steam plants are in compliance with a schedule for meeting Clean Air Act requirements that reduces emissions of sulfur dioxide (SO_2) by almost half and emissions of total suspended particulates (TSP) by 99 percent. The former amounts to a reduction of about one million tons per year of SO_2. Three-quarters of the TSP reductions were authorized by the TVA Board before the Clean Air Act Amendments of 1970 resulted in the need to reduce to the 99 percent level.

In the process of reducing air pollution from its generating facilities, TVA has acquired a considerable amount of practical experience with pollution control technologies. Some of these technologies have been tested and evaluated and are now part of TVA's overall compliance program, such as baghouses, limestone scrubbers, coal-washing plants, and electrostatic precipitators. Other technologies have been tested and evaluated as ineffective or uneconomical, such as dry limestone injection. Experience with existing technologies and the continual search for more effective and economic means of pollution control have led TVA to develop and test process technologies, such as fluidized bed combustion, which reduce pollutants at the point of combustion and help solve residuals disposal problems.

Pollution control comes with a price and TVA and its power customers are paying the price for complying with the Clean Air Act. TVA estimates that purchase of low-sulfur coal, construction and operation of baghouses, limestone scrubbers, coal-washing plants, and ash precipitators, and other expenses have raised the cost of electricity to consumers about 5 to 8 percent. TVA accepts these costs as an expense of producing electrical energy from coal and considers the costs within the limits of practicality. Of course, the Agency makes every effort to reduce these costs while achieving the desired objective of pollution control.

While the costs of compliance are high, they bring considerable benefits to the population of the Valley through improved health and welfare. TVA has made an important contribution to the improvement in air quality in the Valley. For example, the botanical effects around TVA power plants have noticeably decreased as SO emissions from TVA plants have decreased. From 1979 to 1980 the number of complaints dropped from 90 to 38 and the total acres affected dropped from 52,200 to 6,250. Further reductions are expected as full compliance with the Clean Air Act is reached by all TVA plants.

In summary, TVA's experience with pollution control technology, the costs of compliance and the resulting public health and welfare benefits have convinced this Agency that coal can be burned in an environmentally and economically sound manner. Compared with alternative fuels such as nuclear and renewable energy resources, "clean coal" can be cost competitive in the future. Thus, TVA's experience shows that the goals of the Clean Air Act are basically sound and are attainable at reasonable cost.

TVA further recognizes that wise use of air resources is an essential element and not fundamentally in conflict with economic development. Understanding this, TVA finds that the Clean Air Act, as a conserver of the Nation's air resources, is not only compatible with but essential to economic prosperity. The Clean Air Act provides a necessary mechanism to ensure that the Nation's air resources are not squandered by one demand competing with another at the expense of the overall economy or to the detriment of public health and welfare.

Clean Air and the Future of Coal

The Congress has recognized that it is in the national interest to preserve coal as an energy option. Its availability and abundance make coal a prime potential replacement fuel for imported oil. The cumulative environmental effects of increased coal combustion, however, stand as the principal deterrent to its use.

TVA is working on atmospheric fluidized bed combustion (AFBC) technology as one of the means of using coal in an environmentally sound manner. AFBC technology captures SO in the boiler at the point of combustion rather than cleaning it from the flue gas with additional processes. AFBC technology can reduce SO_2 and NO_x emissions to meet current new source performance standards (NSPS) for utility boilers. High-sulfur eastern coal and even the waste coal from coal-washing facilities can be used as fuel. The waste product is dry, making it easier to handle, and is potentially useful as a productive input to other processes. It is also possible that AFBC technology could produce fewer land- and water-based residuals relative to conventional technology.

AFBC technology is projected to be cost competitive with pulverized coal technology and flue gas cleaning. The most fuel efficient plant size is 600-800 MW, but 200-300 MW plants may be economically feasible. TVA is building a 20 MW pilot plant near Paducah, Kentucky, funded jointly by its own power proceeds and congressional appropriations. A four and one-half year testing program will start in 1982, funded by power funds and the Electric Power Research Institute. A 200 MW demonstration plant is under consideration for construction when funds are available and, with timely funding, could be operational in the late 1980's.

TVA is enthusiastic about AFBC technology and encourages Congress to recognize it as one of the long-term solutions to the conflict between the increased use of coal and the conservation of air resources. In a similar vein, TVA recommends that Congress consider other coal-based technologies which reduce the impact of coal use on air resources. TVA hopes to cooperate with private industry in constructing and operating a commercial-size coal gasification plant near Guntersville, Alabama, which can produce low- and medium-Btu synthetic gas as a potential replacement fuel for natural gas. Combining the coal gasification and the emerging commercial fuel cell technologies to produce electricity may be a additional way to reduce the Nation's dependence on imported oil.

In general, TVA believes that Congress should maintain a high priority for research and development of innovative technologies for the reduction of emissions from coal. Similarly, research and development should be continued on the disposition of residual materials obtained from the use of coal. These activities meet a goal of the Clean Air Act "to initiate and accelerate a national research and development program to achieve prevention and control of air pollution." These efforts would assure that the Nation has technological alternatives available to increase the efficiency and mitigate the environmental effects of projected increased coal usage.

Procedures for Achieving Compliance

While agreeing with the basic features of the Clean Air Act, TVA thinks the administration of the Clean Air Act is too complex, too costly, and wastes time. The streamlining of procedures should be continued and extended beyond the most recent efforts of the Environmental Protection Agency (EPA). One example of a need for simplification is the State Implementation Plan revision process. Another is the permit application process for new sources, which could be conducted in parallel with the environmental review process under the National Environmental Policy Act (NEPA), rather than sequentially, whenever technical design parameters are reasonably well known.

The incorporation of innovative regulatory techniques by EPA to achieve compliance with Clean Air Act requirements should be encouraged. EPA has already instituted a controlled trading program in an effort to supplement existing command and control techniques. Principal components of the program include the bubble concept, emissions offsets, and emissions banking and trading. However, other cost effective approaches should be examined by the Congress and implemented if found advantageous. Depreciation allowances for achievement of emissions levels beyond that required by NSPS have been proposed as an economic incentive for sources whose marginal cost of reducing emissions below NSPS is less than the taxes saved through the allowance. A national tax on sulfur emissions had been evaluated by the Nixon Administration and found to be feasible. Emissions above compliance levels would be taxed at a certain rate per pound of sulfur contained in the emissions. Sources would reduce pollution to the point where the marginal cost of additional emissions reductions exceeds the cost of polluting, i.e., the tax rate.

Congress should study these and other ideas or direct EPA to evaluate their utility and report back to the Congress. The general concept of these market-oriented approaches is to supplement existing command and control regulation in a way that will allow regulators and sources to work together to achieve clean air and economic development goals. If a method is not found for government and industry to work together, neither goal may be accomplished.

Although TVA thinks that the administration of the act can be improved, TVA wishes to emphasize that regulation of air quality is a necessary role for the Federal Government. Air quality knows no State or even regional boundaries. The inevitable conflicts between States over regional air quality impacts make Federal control or oversight essential to economic prosperity and the conservation of clean air.

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2. Clean Air Act, Section 101(b)(2).

Public Participation in Ratemaking

In its report the Committee noted that TVA's ratemaking procedures have unique flexibility in that the TVA Board has the authority to manage the TVA power system without being subject to regulation by another agency, such as a public utility commission. This flexibility permits TVA to act in a timely manner to assure an adequate and reliable supply of power at the lowest feasible rates to meet the needs of the Tennessee Valley region. One of the TVA Board's most important duties is to maintain the financial integrity of the power program, as mandated by the TVA Act.

From time to time it is necessary to make adjustments to TVA rates in order to keep pace with rising costs and other factors affecting the power system's financial condition. It had been TVA's practice to announce details of the adjustment recommended by the Office of Power approximately two weeks before final action was to be taken by the Board. The policy behind this short lead-time was to ensure the greatest possible accuracy in the data furnished to the public.

The Committee observed in its draft report that a longer period of time between the announcement of the Office of Power's recommendation and final Board action would permit the public a greater opportunity to analyze the recommendation and to offer comments before the Board took action. After considering this matter TVA adopted a policy of announcing rate adjustment information approximately four weeks before a final decision is to be made by the Board. This new policy has been commended by the Tennessee Valley Industrial Committee (representing the large industries served directly by TVA), which criticized the shorter review period during the Committee's oversight hearing. In accordance with this new approach, the recommendation to the Board for the rate adjustment to take effect October 2 was made public on August 6, although final action was not taken by the Board until September 2.

In addition, TVA and each distributor has executed an amendment to the power contract that makes a rate review optional for any given quarter so long as there is at least one each year and one prior to any rate adjustment. This will permit TVA, to the extent feasible, to conduct rate reviews annually. Present forecasts of TVA's financial situation indicate that annual reviews will be feasible for the foreseeable future. TVA's revised corporate planning schedule permits approximately a month between the preliminary rate review in late July or early August and the time by which the Board would make a determination with regard to rate adjustments. In addition, the Office of Power's proposed operating plan for the coming fiscal year--which contains the basic information used by the Board for the rate decision--will be presented publicly for comment prior to its adoption by the Board in September. Approximately one month's time will also be available for public comment on the Power operating plan before it is adopted by the Board.

Organization and Management

In its report, the Committee examined the merit of proposals by some witnesses to increase the size of the TVA Board as a means of increasing the cost efficiency and effectiveness of TVA. TVA believes the Committee correctly concluded that expansion of the Board was not necessary to achieve desired improvements in TVA's decisionmaking and planning and budgeting systems.

The Committee noted its intent to follow the progress of TVA's new corporate planning system and system of cost accounting and responsibility reporting to assess whether these measures will enhance TVA's efficiency and cost cutting efforts to the degree desired by the Committee. The Committee also urged the TVA Board of Directors to assess the TVA management structure for the purpose of making added improvements to achieve greater efficiency, cut costs, and improve employee morale.

TVA can report that progress is being made in each of these areas. All of TVA's major planning decisions are now made in accordance with the procedures and schedule of its corporate planning system. This permits linking all annual budgeting and operating decisions to longer range strategic goals as determined at TVA's annual policy conference in November.

TVA's cost management and responsibility reporting system is being expanded to include all areas of operation, including appropriated programs. This system presents monthly expenditure data down to the section level and these data are compared to estimated expenditures as determined in the annual operating plans. This timely reporting system provides managers at all levels with a valuable tool to identify quickly any significant deviations from the operating plan and to take corrective action. The system has already demonstrated its value by assisting in achieving budget reductions in TVA's power program which helped keep the last rate increase below 10 percent. TVA is presently on target in achieving its goal of only one rate increase this year and holding this increase to about the rate of inflation. This is the best measure of TVA's increasing effectiveness in cutting costs and controlling rates--a major objective announced by TVA at the Committee's oversight hearings.

TVA has initiated other steps to improve the cost-effectiveness of its management decisions. The auditing and management consulting firm of Coopers & Lybrand has recently completed an independent assessment of TVA's internal controls system, focusing principally upon internal auditing, management reviews, program evaluation, procurement, and industrial engineering. This assessment, which is available to the Committee, determined that, for the most part, TVA's internal control procedures were well designed and capable of assisting TVA managers in conducting their responsibilities in a cost-effective manner. However, Coopers & Lybrand also recommended that an Office of Audit and Evaluation, independent of line organizations, be established in the General Manager's office to pull together at the corporate level the functions of internal audit, corporate industrial engineering, and program evaluation. This office has now been established in the General Manager's office and given direct access, as needed, to the Board of Directors. This organizational change should enhance TVA's internal controls system along the lines recommended by Coopers & Lybrand.

In addition, TVA has established a separate Audit Review Group chaired by the General Manager to ensure there is appropriate followup of all TVA internal audit reports, employee and contractor conduct investigations, program evaluations, and recommendations to improve management efficiency. Through this added internal oversight, any problems identified in TVA's management operations can be promptly addressed and corrective measures taken. Employee morale at TVA is being addressed specifically by a new program of employee information and discussion developed by the Information Office. This continuing program will assist all TVA employees to learn more about TVA's corporate objectives, as well as providing their views and opinions on TVA's operations to management.

Finally, the General Manager has strengthened his office through a recent reorganization of functions at the corporate management level. This reorganization reduces the number of persons reporting directly to the General Manager, thereby providing greater opportunity for the General Manager to devote his time to broader range leadership responsibilities, and to give strengthened oversight of TVA's many diverse functions.

Wages And Salaries

The Committee report focused on the importance of the principle of comparability in assessing the appropriate bases for TVA salaries. Specifically, the Committee noted that TVA has lost a significant number of its highest ranking executives because its salaries are not competitive with salaries paid to private utility executives with similar responsibilities. The fact that TVA has also lost some of its best young technical managers and professionals to jobs in private industry where their earning potential is several times greater than at TVA was identified as a related problem.

TVA regards executive salary levels as a major short-term and long-term problem which imposes a serious and continuing burden on TVA's efforts to carry out its responsibilities in the most cost-effective and efficient manner. The TVA Board has explored various alternatives to provide compensation more nearly competitive with the private sector, but has been unable to implement changes. In January 1982 top TVA managers were given a salary increase of approximately 10 percent because the Federal salary cap was increased by Congress. This increase, however, did not reduce significantly the gap between TVA's salaries for technical managers and professionals and those offered by private sector organizations for comparable work. TVA would welcome the Committee's assistance in exploring alternative ways to deal equitably with this problem.

The Committee report also urged TVA to pursue efforts to establish salaries and wages for its white collar and trades and labor employees at levels that are "truly prevailing." As the result of TVA's most recent survey of salaries in labor markets of relevance to TVA, the salaries currently paid to some TVA white collar employees in certain jobs were determined to exceed rates paid by other employees for comparable work in the survey area. In conjunction with its negotiations with the unions which represent its white collar employees, TVA set forth to make major changes in its pay practices which will make them more nearly comparable to those of other employees in the Tennessee Valley vicinity. These salary rates and pay practices are now being implemented after a prolonged and difficult negotiation.

The 1981 survey of blue collar pay rates included data from both union and nonunion private sector employers (as recommended in the Committee report), Davis-Bacon pay rates predetermined by the Department of Labor and by the State of Tennessee which has a "little Davis-Bacon law," wage rates paid by contractors on two federally funded projects (Tennessee-Tombigbee Waterway and the Arnold Engineering Development Center), and wage rates paid by contractors on the five largest private construction projects in the Tennessee Valley vicinity. On the basis of this survey, TVA in December 1981 reached agreement on wages and benefits with the unions which represent TVA's blue collar employees. The agreement provided for an average pay increase of 8.1 percent in calendar year 1982. Other arrangements were initiated that will lead to improved productivity of TVA's work force.

In-House Construction

TVA constructs the majority of its facilities with its own employees because TVA's experience has shown that this generally is the most cost-effective alternative. In making such decisions, TVA for years has estimated the costs of undertaking specific construction projects with its in-house staff in comparison with estimates of having such work performed by non-TVA contractors. In a number of instances this process has resulted in private contractors doing the work because it was projected that this would be more cost-effective.

In June 1981 TVA initiated an evaluation of its procedures for determining whether specific construction projects should be done by its employees or by private contractors. Subsequent to the initiation of this TVA evaluation the U.S. General Accounting Office conducted a survey of existing procedures. The final report on TVA's program evaluation was released in January 1982. The report recommended that more formal and better documented procedures be established in making decisions on whether to have work performed in-house or by contract in order to better ensure that the most cost-effective alternative is followed. The report concluded that TVA's basic approach has provided significant economic benefits to ratepayers and should be retained. On the basis of the TVA program evaluation, the GAO did not go beyond its initial survey of TVA and endorsed the TVA report's recommendations. The full text of the program evaluation report was distributed to each member of the Tennessee Valley congressional delegation.

Accountability of TVA

The Committee requested TVA to institute a comprehensive audit of its operations to ensure that its programs are being managed as efficiently and as economically as possible. As noted in the section on Organization and Management, TVA retained the accounting and management consulting firm of Coopers & Lybrand to review TVA's internal monitoring and control mechanisms. This assessment has been completed. Its principal recommendation--establishment of an independent Office of Audit and Evaluation at the corporate level--is being implemented by TVA. Also discussed in this section of TVA's response are other initiatives taken by TVA to address the issue of achieving improved efficiency and cost effectiveness in its operations.

There is, however, a broader issue of TVA's accountability that should be considered. Because of the relative independence and autonomy of the TVA Board of Directors, it is charged by some that TVA is not sufficiently accountable to Congress and to its customers. This view fails to take account of the many formal ways that TVA is held accountable for its decisions and actions and the steps taken in recent years to expand public access to the TVA Board and its management.

The whole structure of the TVA Act is based on the principle that TVA shall have adequate authority to discharge the broad responsibilities entrusted to it and shall at the same time be held fully accountable for results. This principle was clearly enunciated in the statement by the House managers included in the conference committee report on the original TVA legislation in 1933:

> We intend that the corporation shall have much of the essential freedom and elasticity of a private business corporation. We have indicated the course it shall take, but have not directed the particular steps it shall make. We have given it ample power, and tried to prevent the perversion and abuse of that power. We have set bounds to prevent its liberty from becoming license.

Today TVA manages both a seven-State regional resource development and conservation program and the Nation's largest electric power system. Congress has on many occasions reviewed how TVA may best be held accountable to Congress, the President, and the American people.

In each case, Congress has chosen to provide for TVA's accountability by exercising oversight in a wide variety of ways. The structure of the Board and the specification in the TVA Act of the results to be achieved by the Board are two such oversight mechanisms. Others are:

Accounting and audit reports. TVA must "at all times maintain complete and accurate books of accounts"; must follow the Federal Energy Regulatory Commission's uniform system of accounts for public utilities; and is subject to regular audit by the Comptroller General and an independent certified public accounting firm. Few other Federal entities are subject to such an independent review by a nongovernmental accounting firm.

Annual budget review. Under the provisions of the Government Corporation Control Act, TVA submits annually a budget for its electric power system which is transmitted to Congress with the President's budget and is reviewed in the congressional budgetary process. The appropriated portion of TVA's budget is given the same scrutiny by the executive and legislative branches as the budget of any Federal agency. It must be passed by Congress and signed by the President before becoming law.

Requirements for reports to Congress. The TVA Act contains extensive reporting requirements. Among those is the requirement for TVA to include a detailed statement of its operations in an annual report submitted to Congress each March.

Congressional reviews. Congress also conducts active, in-depth reviews of TVA's operations. The ceiling on the amount of power system bonds that can be outstanding at any one time has traditionally been set at levels to require TVA to return to Congress approximately every five years to undergo a thorough review before the ceiling is again increased. In addition, Congress periodically uses its general oversight authority to review the manner in which TVA is conducting its operations, such as the oversight hearings conducted by this Committee. Individual members as well as committees frequently question and receive reports on TVA policy and decisions.

Other bases for accountability. TVA is subject to other constraints which are further sources of accountability. These include various Federal statutes in addition to the TVA Act, TVA's Basic Bond Resolution, and the suability of TVA in a broader way than either the United States or ordinary Federal agencies and departments, much the same as a private corporation.

These formal means of accountability have been supplemented in recent years by a number of innovations that increase the accessability of the TVA Board and management to the general public. These more informal methods of accountability necessarily vary according to the circumstances. For example, Congress and the public have been asked for their views on the "options paper" describing alternatives that must be weighed in determining the construction schedule of TVA's nuclear generating units. As discussed earlier in this report, TVA has established a schedule that will allow one month for public comment prior to the TVA Board's decision on the level of electric rates. TVA provides Board meeting notices in advance of each meeting to interested congressional committees and all members of the Valley delegation.

TVA voluntarily opened its Board meetings to the public more than two years before the Sunshine Act. In addition to TVA headquarters in Knoxville, these meetings are being held in central locations throughout the Tennessee Valley. At these meetings, any member of the public may comment on and question Board members and senior TVA officials about pending business or just express a general view about TVA. Common Cause, the citizen watchdog organization, recently rated TVA as the most open of all Federal agencies. TVA also makes available to all persons on an equal basis information about any of its activities.

TVA has instituted a Citizen Action Office to facilitate the gathering of timely public views and sentiments about proposed and existing TVA programs. The Citizen Action Line provides a regionwide, toll-free telephone service that permits the public to express its views and obtain information about TVA activities at no personal expense. Finally, TVA Board members are very accessible as individuals to the public meeting frequently with civic organizations and other groups within the Tennessee Valley. Last year, for example, TVA Board members participated in 104 public meetings, 22 Board meetings, received calls on the Citizen Action Line, and met with many groups and individuals in their offices.

The TVA Board is continuing to experiment with additional mechanisms to involve the public in its decisionmaking. Some experiments succeed; some fail. As the Committee recognized, it is not necessary and would serve no purpose now to institute new statutory and institutional mechanisms for responding to the public. Indeed, it might be counterproductive to freeze a particular mechanism into law when it might later prove ineffective.

Questions from Senator Murkowski

Question 1.

The authorizations to appropriate funds contained in the Public Works and Economic Development Act expire at the end of this fiscal year.

Does the Reagan Administration intend to request legislation to continue any part of that act after September 30, 1982?

Does the Administration propose to repeal the Public Works and Economic Development Act?

Answer

The Administration does not intend to request legislation to extend the authorizations of PWEDA, nor does it intend to seek repeal of PWEDA at this time.

Question 2.

The Administration has requested $15.5 million in salaries and expenses to administer the close-out of approved, ongoing projects.

On what legal authority does the Administration base its request?

Answer

Administration bases its request for S&E on the authority of section 709 (42 U.S.C. 3219). See the answer to question 3 below.

Question 3.

Do you interpret this language (section 709 of PWEDA) as providing authority to appropriate funds for S&E or for any program activity authorized elsewhere in the Act, after September 30, 1982?

Answer

Section 709 continues to provide authority for appropriation of funds for salaries and expenses. The amendment made to this section by section 1821(a)(9) of the Omnibus Budget Reconciliation Act (Pub. L. 97-35) provided a simple limit on the amount of funds which are authorized for FY 1982. No change was made to the general authorization of the first clause of the section. On its face, the specific limitation of the amendment expires at the end of FY 1982. If Congress had intended to repeal the general authority for appropriations under section 709, we believe that it would have done so directly or have provided a clear indication of congressional intent in the legislative history, as it did in connection with the limitation it imposed on the National Telecommunications and Information Administration. See section 1255 of Pub. L.97-35, 95 Stat. 739, and House Report No. 97-208, page 900. Absent an indication of Congressional intent either through the legislative history or through long-standing Congressional practice, we see no reason to interpret the specific limitation in FY 1982 as an implicit repeal of the general authorization.

Section 709, however, does not provide authorization for appropriation of program funds under PWEDA. Since its inception in 1965, all program funds have been authorized by specific title. See, e.g., sections 105, 201(c), 303(a) and 905. These program authorizations have consistently been extended to provide specific amounts annually and will expire on September 30, 1982.* Congress has never used section 709 to provide authorization for program funds. Section 201(c), which appears to provide general authorization for Title II of PWEDA with language similar to that used in section 709, has consistently been extended by year similar to the other programs.

Section 709 was not intended to provide authorizations for programs. The first sentence of section 709 authorizes "such sums as may be necessary to carry out those provisions of the Act for which specific authority for appropriations is not otherwise provided." The program authorization sections noted above clearly provide such "specific program authority." Section 709 was probably intended to be a simple "catch-all" authorization to provide general authorization for the efficient administration of the Act. Section 709 could, of course, be amended to become the authorizing section for all of PWEDA, but we believe that, absent some Congressional action, section 709 does not currently provide authorization for appropriations for programs. We believe however, that section 709 would continue to provide authority to appropriate the funds which the Administration is requesting for FY 1983 for S&E to terminate the agency

Question 4.

How does the Administration propose to close out the section 203 revolving fund? Will legislation be required to utilize or terminate the use of these revolving funds?

Answer

As long as there are substantial contingent liabilities outstanding under PWEDA, the revolving fund will be required in case the Government is required to honor its obligations under loans it has guaranteed. At some point in the future it may be appropriate to seek legislation to terminate the revolving fund, but the Administration has no such plans at the present time. No legislation is required to utilize the fund for such uses as honoring outstanding guarantees, payments to protect collateral, and payments into the miscellaneous receipts of the Treasury of interest on loans outstanding under the Act. See Report of the Comptroller General, "Legislation Needed to Establish Loan Guarantee Limits for the Economic Development Administration," January 5, 1979.

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* Congress can authorize the expenditure of funds at the same time that it appropriates the funds. See 55 CG 289, 292. EDA operated from October 1, 1979 to December 8, 1980 under the authority of continuing resolutions, even though PWEDA authorizations had expired on September 30, 1979. When Public Law 96-506 was enacted on December 8, 1980, each of PWEDA's program authorizations was extended retroactively for FY 1980, as well as for the remainder of FY 1981 and FY 1982.

Question 5

In your testimony, you stated that EDA will support "a limited number of national organizations to develop information which will be of value to a broad range of economic development activities." Will you identify these national organizations for the Committee? How much money will be granted to each? What is the total amount budgeted for such institutions?

What criteria are used to determine which organizations receive funding, and the level of assistance?

Answer

There is available $8.0 million in FY 1982 for the entire Technical Assistance Program. Of that amount, $3.0 million is to be used for the university centers. The remainder will be available for projects and programs that address economic development needs; priority consideration will be given to those that address goals of export development, productivity, and capital formation. Application procedures, to be announced in the Federal Register, will be designed to assure competition for funds among a wide range of organizational entities including public agencies and private corporations as well as non-profit corporations some of which may be national organizations. Consideration will be based upon competence of staff, quality of management plan and other factors relevant to carrying out the project.

The organizational entities and the amount of funds to be provided to each will be determined subsequent to responses received as a result of the notice published in the Federal Register and the consistency of those responses to the factors noted above.

Question 6

The National Association of Development Organizations which includes among its members EDA-funded Economic Development Districts and other EDA-funded institutions, has circulated a "Fact Sheet" dated February 23, 1982. It makes the following claim with respect to EDA funding delays in 1982:

"EDA has also notified regional offices and public works grantees that all incomplete public works projects which underwent a change of scope subsequent to the fiscal year in which it was funded cannot be paid for with funds from that fiscal year, but must be paid for with FY 1982 funds. This means that many projects already selected for funding in fiscal "82 will not be funded because this year's funds will be used for prior years' projects. This interpretation on the part of the agency will work a great hardship on many localities who have been promised funding for projects in 1982. We believe this is further evidence of the agency's determination not to spend 1982 funds appropriated by Congress."

Would you explain to the Committee what NADO is talking about? Is this a correct interpretation of the EDA's policy? Could you provide us with some background on the "change-of-scope" problem?

Answer

We are processing applications for previously approved projects for which "change-of-scope" amendments had either been approved or orally agreed upon by EDA, as it has now been determined that EDA did not have the authority to amend approved grants so as to change their scope in a fiscal year subsequent to that in which the appropriated funds were available for obligation. A change-of-scope amendment is the substitution of one grant for another (See answer to Senator Randolph's question #3 on page 6.

Currently, EDA is reviewing previously approved projects for which amendments have been approved in a fiscal year subsequent to the year of initial obligation of funds and for which funds have not been disbursed. In those cases where it is determined that an illegal change-of-scope amendment was approved, we plan to approve the submission of an application to replace funds improperly charged against prior years' appropriations.

Questions from Senator Randolph

Question 1

Mr. Campbell, I am concerned about the funding of Economic Development Districts in fiscal year 1982. The agency has requested a "special plan for continuing economic development efforts without EDA funding." Could you tell us what is the purpose of this requirement? This is an expensive, duplicative process and one which does not follow the intent of Congress when EDA was continued for fiscal year 1982. Mr. Campbell, I urge you to reconsider this request and immediately fund those districts which have submitted applications and are eligible for assistance.

Answer

The guidelines established by EDA requiring a report assessing past, present and future activities of Economic Development Districts (EDDs) are not new but a condition agreed to by the EDDs when they accepted EDA's most recent grant. The summary assessment required will provide us and other potential funding sources with reliable information on the districts' performance. In addition, the reports should be helpful to the districts in assessing their accomplishments to date and planning future direction. Given the likelihood that EDA may not be able to finance such efforts in the future, asking the planning districts to address this issue is not only appropriate, but is the most responsible course of action.

Question 2

Mr. Campbell, in 1977 the Congress directed EDA to conduct a thorough study of Public Works investments in the United States. This study was to include material on trends of expenditures, and the implications of various spending levels.

As the Committee with responsibility for a large portion of Federal Public Works programs, such information would be valuable to us.

The report on the study was to be submitted to the Congress in 18 months. To date, we have not received it.

Please tell us the status of this report and whether we will ever receive it?

Answer

This report was transmitted to the Committee on Environment and Public Works by Secretary Klutznick on May 14, 1980. An additional copy is enclosed for your information.

Question 3

What is your authority for the change in funding on-going projects which received an approved change-of-scope subsequent to the fiscal year in which first funded? This new policy substantially reduces the funds available for new projects in the current fiscal year. Could you estimate the volume of funds necessary to meet this new requirement?

Answer

The agency's authority for its change-of-scope policy is described as follows:

A line of decisions of the Comptroller General have established that Federal "agencies have no authority to amend grants so as to change their scope" in a fiscal year subsequent to that in which the appropriated funds were available for obligation. (57 Comp. en. 459, 460 (1978); see 31 U.S.C. 200(d).) An amendment which amounts to a change of scope is the substitution of one grant for another. This substitution "extinguishes the old obligation and creates a new one." The new obligation is chargeable to the current fiscal year's appropriation.

At the time of approval of certain amendments, EDA was acting under the belief that its change-of-scope policy was not illegal. This belief was based on a meeting with the General Counsel of the General Accounting Office (GAO) in May of 1974. EDA requested this meeting because of the type of project proposals funded by EDA. The General Counsel of GAO made an oral ruling that the prohibition against changes of scope did not apply to EDA's Public Works program. This meeting and oral ruling were recorded by an internal EDA memorandum, dated May 15, 1974.

Relying on the GAO representation, EDA issued guidelines in October, 1974, to assist Regional Directors in determining acceptable project modifications. In 1976, EDA published regulations (subsequently amended) in the Federal Register announcing its policy on project modifications. This policy permitted project modifications which could be characterized as change-of-scope.

During the summer of 1981, a task force of the President's Council on Integrity and Efficiency (President's task force) audited the practices of EDA and found that EDA was modifying the scope of grants after the appropriations under which such grants were made had expired. The President's task force contacted the Department of Commerce's Inspector General's Office and the General Counsel's Office concerning this discovery and urged the discontinuance of this practice. Subsequently, after meeting with the Office of General Counsel and the Office of Inspector General, EDA recognized the impropriety of its policy of interpreting EDA's regulations (13 CFR 309.26) to permit an illegal change-of-scope of EDA's projects.

In approving amendments involving an illegal change-of-scope, EDA was acting beyond its authority. Therefore, these approvals were ultra vires, are invalid and are a nullity. Accordingly, EDA does not have the authority to disburse funds for such approved projects.

In a number of cases in which it has been determined that change-of-scope project amendments were approved, and where EDA funds have not yet been disbursed, EDA is processing grants from current fiscal year appropriations to replace funds improperly charged against prior years' appropriations. Under the provisions of OMB Circular A-102, when a grant is terminated by the government, the grantee can recover justifiable and allowable costs already expended by it in its performance of the valid, original grant. EDA proposes to pay such valid equitable costs, after an audit by the Office of the Inspector General, from the deobligated funds of such illegal amendment. Therefore, termination of these grants should not result in any loss or undue hardship to the grantee.

EDA must, of course, apply the above described determination to pending applications for project modifications which have not yet been approved.

EDA's policy concerning change-of-scope has an impact on funds available for new projects in FY 1982. This is consistent with a recent opinion by the General Counsel of the Department of Commerce, in which funding priorities under the Omnibus Budget Reconciliation Act of 1981, are discussed, as follows:

> "...All projects for which applications were authorized on or before August 13, 1981, have the highest priority. Projects for which preapplications or profiles were authorized on or before August 13, 1981, rank next in priority...
>
> In regard to amendments which require the obligation of FY 1982 appropriations, the following situations should be noted:...
>
> If an amendment was authorized prior to August 13, 1981, and was approved by EDA but the grant subsequently terminated (and prior FY funds deobligated) because the approval was either illegal (e.g.., change-of-scope) or "beyond the scope of authority" of the approving official, such an amendment, if otherwise still eligible as an amendment or as a new project, should be considered by EDA for FY 1982 funding in accordance with the established priorities discussed above. Although the approval previously provided may be revoked or otherwise declared to be null and void, the authorization for the amendment, obtained prior to August 13, 1981, remains pending and should be considered according to the priorities established as the equivalent of a project application authorized prior to August 13."

Approximately $12 million of FY 82 funds is required for amendments to existing projects which had been negotiated but not approved. In addition, $12 to $18 million will be required to refund approved amendments which have been determined to involve change-of-scope. It is expected that there will be further requests to change the scope of existing grants but it is not possible to estimate the funds required for these.

Question 4

When can grantees which are to receive fiscal year 1982 funds expect to receive offers which can be turned into obligations? I understand that no Public Works funds have yet been obligated nearly six months into the fiscal year.

Answer

We have instructed EDA's regional offices to proceed with the processing of all authorized Public Works applications, consistent with the intent of Congress as expressed in the Omnibus Budget Reconciliation Act of 1981.

In addition, we are focusing our attention on the existing pipeline of Public Works proposals, as presently represented by the profiles filed with the Agency on or before August 13, 1981. When this review is completed, we can then determine what other projects are to be upgraded to the authorized phase and prioritized for FY 1982 funding consideration.

As of March 1, 1982, there were approximately 31 projects involving $20.3 million in EDA grant funds in final review in Headquarters and another 75 projects involving $59.3 million in EDA grant funds were being processed by the Regional Offices. Additionally, 25 previously authorized applications involving $14.9 million in EDA grant funds had not, as yet, been received in the Regional Offices. Therefore, approximately $94.6 million of the $130 million FY 1982 Public Works appropriation has been committed to previously authorized applications (including previously approved and/or authorized change-of-scope project amendments). The regional offices are reviewing existing profiles and requests for additional assistance and they will be recommending those projects with the strongest economic development impacts as required to expend the balance of the $130 million.

Questions from Senator Burdick

Question 1

In August and September 1980, 17 communities adversely impacted by the severe decline of the auto industry received EDA planning grants to develop specific strategies and projects for immediate implementation. These projects were to directly benefit the automotive and automotive linked industries and assist in diversifying the communities' economic base. What funding is now available through Title IX for project implementation?

Answer

The Office of Management and Budget has apportioned $16.5 million to EDA for Title IX grants. Of this amount, $12 million will be used for assistance to states with the highest levels of economic distress. The remaining $4.5 million will be held in reserve to respond to serious and unanticipated dislocations whenever and wherever they occur. Priority consideration will be given to implementation rather than planning assistance.

No money has been set aside for communities affected by lay-offs in the auto industry, but we expect that auto communities will benefit from the program. Thirteen of the 17 communities which received Auto Community Adjustment Planning (ACAP)grants are located in states that will qualify for priority consideration for the $12 million in Title IX grants.

Question 2

Will all the communities that completed their planning grants be eligible for implementation funds?

All ACAP communities are eligible to compete for available Title IX funds. ACAP communities in Michigan, Ohio, and Indiana will be able to compete on a priority basis for the $12 million that is available to highly distressed states.

ACAP communities in Kansas, Missouri, and Wisconsin will have to compete for the remaining $4.5 million. Given the limited funds and large number of recent major dislocations in other parts of the country, it is not likely that EDA will be able to help implement ACAP plans in these states.

Question 3

What criteria will be used to award Title IX funds for implementation of the auto adjustment projects?

Answer

All requests for Title IX Sudden and Severe Economic Dislocation assistance in FY 1982 will be assessed according to the following criteria:

- Severity of the specific dislocation(s) targeted for assistance.

- Capacity of the State or local jurisdiction to administer the program as evidenced by organizaional structure, personnel, and experience.
- Potential for success of the proposed activities in saving jobs and/or creating new jobs for dislocated workers.
- State and local efforts in support of the proposed activity; i.e., related projects and activities.
- Support to be provided by the private sector, and the relationship of the proposed investment to other Federal investments (e.g., Urban Development Action Grants).
- Creativity used in addressing the adjustment problems (e.g., Employee Stock Ownership Plans).
- The cost per job created or retained.
- The extent to which the proposed funds would complement, rather than duplicate, other public and private investments in the area.
- The amount of EDA and other Federal assistance recently provided or being provided to the State or local area.
- Willingness to provide at least a 25 percent matching share.
- If a revolving loan fund is proposed, the potential economic development benefits to result from recycling the loan proceeds.

Question 4

I understand a memorandum was sent to government employee union locals advising them of the possibility of furloughing the economic development representatives beginning April 1, 1982. Is this true and if so does not P.L. 97-51 require EDRs stay on until the end of the fiscal year?

Answer

Initially, it was EDA's plan to furlough the EDRs for six (6) months and all other EDA employees for 12 days beginning in April 1982. A GAO ruling on the six month EDR furlough suggested that such a furlough was inconsistent with P.L. 97-51. A subsequent discussion with Departmental and GAO attorneys confirmed it would be permissible to furlough the EDRs for the same period as other EDA employees.

However, a close review of EDA's current and anticipated funding situation and the anticipated workload of the agency indicated that if EDA continued to limit its expenditures in its S&E account, EDA (could defer if not altogether avoid) a furlough at this time. This will be possible only if proposed supplemental funds are made available.

Question 5

I understand that none of the 1982 public works or district planning funds have been released even though OMB approved appportionment of 1/2 of all appropriated funds by EDA in December. What is the reason for your agency's delay in this matter?

Answer

EDA did not receive an apportionment of program funds from OMB during the first quarter of FY 1982, and it was not until the first part of January 1982 that the Agency received its program apportionment for the first half of FY 1982. This apportionment of funds was based on the amount of appropriations made available by the third Continuing Resolution, which extends only through March 31, 1982. We consider one half of the annual amount appropriated for each program to be available at this time.

We are making every possible effort to process authorized Public Works projects and Planning grant continuation amendments up to the apportioned levels as soon as practical. Special emphasis is being given to the Planning grant program and application processing activities are well underway. We are aware of the problems that planning grantees are experiencing as a result of the funding gap that has existed since December 31, 1981, and we are anxious to remedy those problems.

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